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LEGISLATIVE HISTORY

Public Law 520--79th Congress

Chapter 590--2d Session

S. 752

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DIGEST OF PUBLIC LAW 520

STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS. Directs the Secretaries of War, Navy, and Interior, in cooperation with this and other departments, to determine from time to time the materials which are strategic and critical and the quality and quantities to be stockpiled. Provides for industry advisory committees. Directs Treasury to make purchases through the Procurement Division, provide for storage, refining, or processing of materials, rotate materials, and dispose of those no longer needed. Provides for transfer by War Assets Administration of surplus property suitable for stock-piling. Directs this Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined to be strategic and critical or substitutes therefor.

INDEX AND SUMMARY OF HISTORY ON S. 752.

March 15, 1945	H. R. 2624 introduced by Rep. May and referred to the House Committee on Military Affairs. Print of the bill as introduced. (Companion bill)
March 16, 1945	S. 752 introduced by Senator Thomas and referred to the Senate Committee on Military Affairs. Print of the bill as introduced.
October 15, 1945	S. 1481 introduced by Senator Johnson and referred to the Senate Committee on Military Affairs. Print of the bill as introduced. (Similar bill)
October 26, 1945	S. 1522 introduced by Senator McCarran and referred to the Senate Committee on Military Affairs. Print of the bill as introduced. (Similar bill)
October 30, 1945	Hearings: Senate, S. 752, S. 1481, and S. 1522.
November 29, 1945	S. 752 reported by Senate Committee with an amendment. Senate Report 804. Print of the bill as reported.
December 7, 1945	Amendment proposed by Senator Wilson to S. 752.
December 20, 1945	Senate debated S. 752 and passed as reported.
December 21, 1945	S. 752 referred to the House Committee on Military Affairs. Print of the bill as referred.
February 5, 1946	Hearings: House, S. 752.
April 4, 1946	House Committee reported S. 752 with amendments. House Report 1869. Print of the bill as reported.
May 20, 1946	House Rules Committee reported House Resolution 626 for the consideration of S. 752. House Report 2078.
May 24, 1946	S. 752 debated in the House and passed as reported.
May 27, 1946	Senate Conferees appointed.
May 31, 1946	House Conferees appointed.
	Remarks of Representative Durham.
June 10, 1946	House received Conference Report. House Report 2235.
June 17, 1946	House recommitted Conference Report to Conferees.
July 3, 1946	House received 2d Conference Report. House Rept. 2457.
July 9, 1946	Both Houses agreed to Conference Report.
July 23, 1946	Approved. Public Law 520.

79TH CONGRESS
- 1ST SESSION

H. R. 2624

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 1945

Mr. MAY introduced the following bill; which was referred to the Committee on Military Affairs

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is hereby amended to read as follows:

5 “That the natural resources of the United States in cer-
6 tain strategic and critical materials being deficient or insuffi-
7 ciently developed to supply the industrial, military, and
8 naval needs of the country for common defense, it is the
9 policy of the Congress and the purpose and intent of this
10 Act to provide for the acquisition and retention of stocks

1 of these materials and to encourage the conservation and
2 development of sources of these materials within the United
3 States, and thereby decrease and prevent wherever possible
4 a dangerous and costly dependence of the United States
5 upon foreign nations for supplies of these materials in times
6 of national emergency.

7 “SEC. 2. To effectuate the policy set forth in section 1
8 hereof, there is hereby created a Stock Pile Board (herein-
9 after referred to as the Board) consisting of the Secretary of
10 War, who shall serve as Chairman, the Secretary of State,
11 the Secretary of the Navy, the Secretary of the Interior,
12 and the Secretary of Commerce. Each member of the Board
13 may designate an officer of his department to serve as his
14 representative on the Board. The Board may appoint and
15 fix the compensation of such personnel as it may deem
16 necessary to enable it to carry out the provisions of this
17 Act, subject to the provisions of the civil-service laws and
18 regulations and the Classification Act of 1923, as amended.
19 Upon the request of the Board, the head of any agency may
20 detail personnel in his agency, including commissioned officers
21 and enlisted personnel in the armed forces, for service under
22 this Act subject to the direction of the Board.

23 “SEC. 3. (a) The Board shall compile a list consisting
24 of (1) the materials recommended for stock piling in the
25 report submitted to the Congress by the Army and Navy

1 Munitions Board under date of January 2, 1945, and classi-
2 fied in table II of such report as 'Group A.—Materials for
3 which stock piling is deemed the only satisfactory means of
4 insuring an adequate supply for a future emergency'; and
5 (2) such additional materials as the Board (that is, the Stock
6 Pile Board created under section 2) determines, from time
7 to time, are strategic and critical and should be included in
8 such list. For the materials contained in group A of table
9 II of such report, the Board shall fix as the maximum and
10 minimum quantities for stock piling the respective amounts
11 recommended in table III of such report; and for the
12 materials added by the Board to such list, it shall fix as the
13 maximum and minimum quantities for stock piling the
14 amounts it determines to be appropriate in order to assure
15 an adequate supply thereof for a future war emergency.

16 “(b) The Board shall compile a second list consisting
17 of (1) the materials recommended for stock piling in the
18 report referred to in section 3 (a) and classified in table II
19 of such report as 'Group B.—Materials practicable for stock
20 piling, but recommended for acquisition only to the extent
21 available for transfer from Government agencies because
22 adequacy of supply can be insured either by stimulation of
23 existing North American production or by partial or com-
24 plete use of available substitutes'; and (2) such other ma-
25 terials as the Board determines, from time to time, are stra-

1 tegic and critical and should be included in such list. For
2 the materials contained in group B of table II of the report
3 referred to, the Board shall fix as the maximum quantities
4 for stock piling the respective amounts recommended in table
5 IV of such report; and for the materials added by the Board
6 to such list, it shall fix as the maximum quantities for stock
7 piling the amounts that it determines to be appropriate in
8 order to supplement the supply of such materials (or their
9 substitutes) available from North American production for
10 a future war emergency. In the event that the Board finds
11 at any time that the supply available from North American
12 production of any material included in the list compiled
13 pursuant to this subsection, or of the substitutes for such
14 material, is becoming or threatens to become inadequate for
15 a future war emergency, it shall remove the material from
16 such list and include it in the list compiled pursuant to sec-
17 tion 3 (a); and the Board shall then fix for such material
18 an appropriate maximum and minimum quantity for stock
19 piling as provided in section 3 (a).

20 “(c) The Board shall establish and maintain stock piles
21 of all of the materials contained in the lists compiled pur-
22 suant to this section. These stock piles shall consist of
23 all such materials heretofore purchased or transferred to be
24 held pursuant to this Act, or hereafter determined to be
25 surplus and transferred pursuant to section 4 or purchased

1 pursuant to section 5 hereof and not disposed of pursuant
2 to the provisions of section 7 hereof. The stock piles herein
3 provided for shall be under the control of the Board.

4 "SEC. 4 (a). Every material contained in the lists com-
5 piled pursuant to section 3, which is owned or contracted
6 for by the United States or any agency thereof, shall be
7 transferred by the owning agency, when determined by
8 such agency to be surplus to its needs and responsibilities,
9 to the stock piles established pursuant to this Act, so long
10 as the amount of the stock pile for that material does not
11 exceed the maximum fixed therefor pursuant to section 3.
12 The Board shall exempt from this requirement, however,
13 (1) any material which constitutes contractor inventory
14 unless the owning agency shall have taken possession of
15 such inventory, (2) such amount of any material as is
16 necessary to make up any deficiency of the current supply
17 of such material for the current requirements of industry
18 or as the Board determines to be held in lots so small as
19 to make the transfer thereof economically impractical, and
20 (3) such materials as the Board determines to be in a form
21 or of a quality ill-suited for stock-piling and not susceptible
22 of economic conversion to a form or quality suitable for
23 such purpose.

24 "(b) Any transfer made pursuant to section 4 (a) shall

1 be made without charge against or reimbursement from the
2 funds of the Board except that expenses incident to such
3 transfer may be paid by the Board, and except that upon any
4 such transfer from the Reconstruction Finance Corporation,
5 or any corporation organized by virtue of the authority con-
6 tained in the Act of January 22, 1932 (47 Stat. 5), as
7 amended, the Secretary of the Treasury shall cancel notes of
8 the Reconstruction Finance Corporation, and all sums due
9 and unpaid upon or in connection with such notes at the
10 time of such cancelation, in an amount equal to the cost of
11 the material so transferred.

12 "SEC. 5. (a) The Board shall direct the purchase of
13 materials contained in the list compiled pursuant to section
14 3 (a), by such agencies as it may designate, in order that
15 the stock pile thereof may be brought up to the minimum
16 quantity fixed for the respective materials pursuant to that
17 section. The purchase of any material shall be made, so far
18 as practicable, from supplies of the material in excess of the
19 current commercial demand. No material shall be purchased
20 hereunder (1) at a price in excess of the current open
21 market price, or (2) after the stock pile thereof shall have
22 been brought up to the minimum quantity fixed therefor
23 under section 3, except pursuant to specific authorization by
24 the Congress. Such purchases shall be made with the funds
25 or from the sources authorized by the provisions of this Act

1 and shall be in accordance with the specifications approved
2 by the Board.

3 “(b) Except where the Board determines that it would
4 be inconsistent with the public interest, purchases under this
5 Act shall be made in accordance with title III of the Act
6 of March 3, 1933 (47 Stat. 1520), but a reasonable time
7 (not to exceed one year) shall be allowed for production
8 and delivery from domestic sources, and in the case of any
9 such material available in the United States but which has
10 not been developed commercially, the Board may, if it
11 finds that the production of such material is economically
12 feasible, direct the purchase of such material without requir-
13 ing the vendor to give bond.

14 “SEC. 6. The Board is authorized to provide for the
15 storage and maintenance of strategic and critical materials
16 for stock-piling purposes by any agency having procurement
17 functions. Where necessary to prevent deterioration, the
18 Board is authorized to provide for the rotation of strategic
19 and critical materials. To accomplish such rotations, the
20 procurement agencies designated by the Board are authorized
21 to replace acquired stocks of any such material subject to
22 deterioration by equivalent quantities of substantially the
23 same material in such manner as the Board deems will best
24 serve the purposes of this Act. The Board may also arrange,
25 through any agency designated by it, for the refining or

1 processing of any materials when such action is deemed
2 necessary to convert such materials into a form more suitable
3 for stock-piling. Expenses necessary to accomplish such ro-
4 tation, refining, or processing may be met out of the funds
5 or sources authorized in this Act. The materials acquired
6 for stock-piling purposes shall be stored on military and
7 naval reservations or in other locations approved by the
8 Board.

9 “SEC. 7. All strategic and critical materials held in the
10 stock piles maintained under this Act, not required to meet
11 the industrial, military, or naval needs of the country during
12 the present war emergency, shall be held exclusively for use
13 only in the event of a future war emergency declared by or
14 pursuant to an Act of Congress. Upon the outbreak of war
15 or in the event of declaration of a war emergency all or any
16 part of the stock pile may then be released and made avail-
17 able for disposal by the United States or any agency as the
18 President shall direct to meet the industrial, military, and
19 naval needs of the United States for the common defense.
20 The Board may not release materials at any other times or
21 for any other purposes except (1) for the purposes of rota-
22 tion in accordance with the provisions of section 6 of this
23 Act, or (2) because of obsolescence of the material for use in
24 time of war owing to technological changes, or (3) pursuant
25 to specific authorization by the Congress. In the event that

1 the Board should determine that the release of any material
2 is advisable because of obsolescence, it shall, not less than
3 six months before releasing any of such material for this rea-
4 son, submit to the Congress a report setting forth the find-
5 ings of fact which have led it to make this determination, a
6 statement of the amounts of the material it proposes to re-
7 lease, and the plan of disposition it proposes to follow to
8 assure the United States against avoidable loss on the sale
9 of the materials to be released and producers, processors, and
10 consumers against any avoidable disruption of their usual
11 markets. In the event that the Board should determine that
12 the release of any material is advisable for reasons other than
13 obsolescence, it shall submit its views to the Congress with
14 recommendations setting forth specifically the kind and the
15 amount of materials it believes that Congress should specifi-
16 cally authorize it to release and the plan of disposition it
17 proposes that the Congress should authorize it to follow.

18 "SEC. 8. Any funds heretofore or hereafter received on
19 account of sales or other dispositions of materials under the
20 provisions of this Act shall be deposited to the credit of,
21 shall constitute an addition to, and shall be available for
22 expenditure for the purposes of, any appropriation available
23 at the time of such deposit for carrying out the provisions of
24 this Act.

25 "SEC. 9. (a) The Secretary of the Interior, through the

1 Director of the Bureau of Mines and the Director of the
2 Geological Survey, is hereby authorized and directed to make
3 scientific, technologic, and economic investigations concern-
4 ing the extent and mode of occurrence, the development,
5 mining, preparation, treatment, and utilization of ores and
6 other mineral substances found in the United States or its
7 Territories or insular possessions, which are essential to the
8 common defense or the industrial needs of the United States,
9 and the quantities or grades of which are inadequate from
10 known domestic sources, in order to determine and develop
11 domestic sources of supply, to devise new methods for the
12 treatment and utilization of lower grade reserves, and to
13 develop substitutes for such essential ores and mineral prod-
14 ucts; to explore and develop, on public lands and on privately
15 owned lands, with the consent of the owner, deposits of such
16 minerals, including core drilling, trenching, test-pitting, shaft
17 sinking, drifting, cross-cutting, sampling, and metallurgical
18 investigations and tests as may be necessary to determine
19 the extent and quality of such deposits, the most suitable
20 methods of mining and beneficiating them, and the cost at
21 which the minerals or metals may be produced.

22 “(b) The Secretary of Agriculture is hereby authorized
23 and directed to make scientific, technologic, and economic
24 investigations of the feasibility of developing domestic sources
25 of supplies of any agricultural materials designated as stra-

1 tegic and critical by the Board (including, but not limited
2 to, the materials contained in the lists compiled pursuant to
3 section 3) or substitutes therefor.

4 "SEC. 10. The Board shall submit to the Congress not
5 later than December 31 following each fiscal year a written
6 report detailing its activities under this Act for that fiscal
7 year. The report may include such recommendations as
8 the Board believes will improve the operation of this Act,
9 but shall not contain any information the disclosure of which
10 is deemed by the Secretary of War or the Secretary of the
11 Navy to be inimical to the national security.

12 "SEC. 11. There is hereby authorized to be appropriated,
13 out of any moneys in the Treasury not otherwise appropri-
14 ated, such sums as the Congress may, from time to time,
15 deem necessary to carry out the provisions of this Act.
16 Funds so appropriated, exclusive of sums allocated for the
17 purposes of section 9, shall be expended under the direction
18 of the Board.

19 "SEC. 12. As used in this Act—

20 "(a) 'Materials' means all commodities (except petro-
21 leum) in raw, partly processed, or refined forms appropriate
22 for industrial use, including ores, concentrates, alloys, and
23 scrap susceptible of economic conversion to a form suitable
24 for stock piling but not including fabricated or semifabricated

1 articles which in the judgment of the Board are not scrap
2 and are unsuitable for stock piling.

3 “(b) ‘Agency’ means any executive department, inde-
4 pendent office, or other agency of the United States, including
5 a corporation owned or controlled by the United States.”

79TH CONGRESS
1ST Session

H. R. 2624

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

By Mr. May

MARCH 15, 1945

Referred to the Committee on Military Affairs

79TH CONGRESS
1ST SESSION

S. 752

IN THE SENATE OF THE UNITED STATES

MARCH 16, 1945

Mr. THOMAS of Utah introduced the following bill; which was read twice
and referred to the Committee on Military Affairs

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended,
relating to the acquisition of stocks of strategic and critical
materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is hereby amended to read as follows:

5 “That the natural resources of the United States in
6 certain strategic and critical materials being deficient or in-
7 sufficiently developed to supply the industrial, military, and
8 naval needs of the country for common defense, it is the
9 policy of the Congress and the purpose and intent of this Act
10 to provide for the acquisition and retention of stocks of these

1 materials and to encourage the conservation and develop-
2 ment of sources of these materials within the United States,
3 and thereby decrease and prevent wherever possible a
4 dangerous and costly dependence of the United States upon
5 foreign nations for supplies of these materials in times of
6 national emergency.

7 “SEC. 2. To effectuate the policy set forth in section 1
8 hereof, there is hereby created a Stock Pile Board (herein-
9 after referred to as the Board) consisting of the Secretary
10 of War, who shall serve as Chairman, the Secretary of State,
11 the Secretary of the Navy, the Secretary of the Interior,
12 and the Secretary of Commerce. Each member of the Board
13 may designate an officer of his department to serve as his
14 representative on the Board. The Board may appoint and
15 fix the compensation of such personnel as it may deem
16 necessary to enable it to carry out the provisions of this Act,
17 subject to the provisions of the civil-service laws and regu-
18 lations and the Classification Act of 1923, as amended.
19 Upon the request of the Board, the head of any agency may
20 detail personnel in his agency, including commissioned of-
21 ficers and enlisted personnel in the armed forces, for service
22 under this Act subject to the direction of the Board.

23 “SEC. 3. (a) The Board shall compile a list consisting
24 of (1) the materials recommended for stock piling in the
25 report submitted to the Congress by the Army and Navy

1 Munitions Board under date of January 2, 1945, and classified
2 in table II of such report as 'Group A.—Materials for which
3 stock-piling is deemed the only satisfactory means of insuring
4 an adequate supply for a future emergency'; and (2) such
5 additional materials as the Board (that is, the Stock Pile
6 Board created under section 2) determines, from time to
7 time, are strategic and critical and should be included in
8 such list. For the materials contained in group A of table
9 II of such report, the Board shall fix as the maximum and
10 minimum quantities for stock-piling the respective amounts
11 recommended in table III of such report; and for the ma-
12 terials added by the Board to such list, it shall fix as the
13 maximum and minimum quantities for stock-piling the
14 amounts it determines to be appropriate in order to assure
15 an adequate supply thereof for a future war emergency.

16 " (b) The Board shall compile a second list consisting
17 of (1) the materials recommended for stock-piling in the
18 report referred to in section 3 (a) and classified in table II
19 of such report as "Group B.—Materials practicable for stock-
20 piling, but recommended for acquisition only to the extent
21 available for transfer from Government agencies because
22 adequacy of supply can be insured either by stimulation of
23 existing North American production or by partial or com-
24 plete use of available substitutes'; and (2) such other ma-
25 terials as the Board determines, from time to time, are

1 strategic and critical and should be included in such list.
2 For the materials contained in group B of table II of the
3 report referred to, the Board shall fix as the maximum
4 quantities for stock-piling the respective amounts recom-
5 mended in table IV of such report; and for the materials
6 added by the Board to such list, it shall fix as the maximum
7 quantities for stock-piling the amounts that it determines to
8 be appropriate in order to supplement the supply of such
9 materials (or their substitutes) available from North Ameri-
10 can production for a future war emergency. In the event
11 that the Board finds at any time that the supply available
12 from North American production of any material included in
13 the list compiled pursuant to this subsection, or of the sub-
14 stitutes for such material, is becoming or threatens to become
15 inadequate for a future war emergency, it shall remove the
16 material from such list and include it in the list compiled
17 pursuant to section 3 (a) ; and the Board shall then fix for
18 such material an appropriate maximum and minimum
19 quantity for stock-piling as provided in section 3 (a) .

20 “(c) The Board shall establish and maintain stock piles
21 of all of the materials contained in the lists compiled pursuant
22 to this section. These stock piles shall consist of all such
23 materials heretofore purchased or transferred to be held pur-
24 suant to this Act, or hereafter determined to be surplus and
25 transferred pursuant to section 4 or purchased pursuant to

1 section 5 hereof and not disposed of pursuant to the provisions
2 of section 7 hereof. The stock piles herein provided for
3 shall be under the control of the Board.

4 "SEC. 4. (a) Every material contained in the lists
5 compiled pursuant to section 3, which is owned or contracted
6 for by the United States or any agency thereof, shall be
7 transferred by the owning agency, when determined by
8 such agency to be surplus to its needs and responsibilities,
9 to the stock piles established pursuant to this Act, so long
10 as the amount of the stock pile for that material does not
11 exceed the maximum fixed therefor pursuant to section 3.
12 The Board shall exempt from this requirement, however,
13 (1) any material which constitutes contractor inventory
14 unless the owning agency shall have taken possession of
15 such inventory, (2) such amount of any material as is
16 necessary to make up any deficiency of the current supply of
17 such material for the current requirements of industry or
18 as the Board determines to be held in lots so small as to make
19 the transfer thereof economically impractical, and (3) such
20 materials as the Board determines to be in a form or of a
21 quality ill-suited for stock-piling and not susceptible of
22 economic conversion to a form or quality suitable for such
23 purpose.

24 "(b) Any transfer made pursuant to section 4 (a) shall

1 be made without charge against or reimbursement from the
2 funds of the Board except that expenses incident to such
3 transfer may be paid by the Board, and except that upon any
4 such transfer from the Reconstruction Finance Corporation,
5 or any corporation organized by virtue of the authority con-
6 tained in the Act of January 22, 1932 (47 Stat. 5), as
7 amended, the Secretary of the Treasury shall cancel notes
8 of the Reconstruction Finance Corporation, and all sums due
9 and unpaid upon or in connection with such notes at the time
10 of such cancelation, in an amount equal to the cost of the
11 material so transferred.

12 “SEC. 5. (a) The Board shall direct the purchase of
13 materials contained in the list compiled pursuant to section
14 3 (a), by such agencies as it may designate, in order that
15 the stock pile thereof may be brought up to the minimum
16 quantity fixed for the respective materials pursuant to that
17 section. The purchase of any material shall be made, so far
18 as practicable, from supplies of the material in excess of the
19 current commercial demand. No material shall be purchased
20 hereunder (1) at a price in excess of the current open market
21 price, or (2) after the stock pile thereof shall have been
22 brought up to the minimum quantity fixed therefor under
23 section 3, except pursuant to specific authorization by the
24 Congress. Such purchases shall be made with the funds
25 or from the sources authorized by the provisions of this Act

1 and shall be in accordance with the specifications approved
2 by the Board.

3 “(b) Except where the Board determines that it would
4 be inconsistent with the public interest, purchases under this
5 Act shall be made in accordance with title III of the Act of
6 March 3, 1932 (47 Stat. 1520), but a reasonable time (not
7 to exceed one year) shall be allowed for production and de-
8 livery from domestic sources, and in the case of any such mate-
9 rial available in the United States but which has not been
10 developed commercially, the Board may, if it finds that the
11 production of such material is economically feasible, direct
12 the purchase of such material without requiring the vendor
13 to give bond.

14 “SEC. 6. The Board is authorized to provide for the
15 storage and maintenance of strategic and critical materials for
16 stock-piling purposes by any agency having procurement
17 functions. Where necessary to prevent deterioration, the
18 Board is authorized to provide for the rotation of strategic
19 and critical materials. To accomplish such rotations, the
20 procurement agencies designated by the Board are author-
21 ized to replace acquired stocks of any such material subject to
22 deterioration by equivalent quantities of substantially the
23 same material in such manner as the Board deems will best
24 serve the purposes of this Act. The Board may also ar-
25 range, through any agency designated by it, for the re-

1 fining or processing of any materials when such action is
2 deemed necessary to convert such materials into a form
3 more suitable for stock-piling. Expenses necessary to ac-
4 complish such rotation, refining, or processing may be met
5 out of the funds or sources authorized in this Act. The
6 materials acquired for stock-piling purposes shall be stored
7 on military and naval reservations or in other locations ap-
8 proved by the Board.

9 “SEC. 7. All strategic and critical materials held in the
10 stock piles maintained under this Act, not required to meet
11 the industrial, military, or naval needs of the country during
12 the present war emergency, shall be held exclusively for use
13 only in the event of a future war emergency declared by
14 or pursuant to an Act of Congress. Upon the outbreak of
15 war or in the event of declaration of a war emergency all
16 or any part of the stock pile may then be released and made
17 available for disposal by the United States or any agency as
18 the President shall direct to meet the industrial, military,
19 and naval needs of the United States for the common defense.
20 The Board may not release materials at any other times or
21 for any other purposes except (1) for the purposes of
22 rotation in accordance with the provisions of section 6 of
23 this Act, or (2) because of obsolescence of the material
24 for use in time of war owing to technological changes, or
25 (3) pursuant to specific authorization by the Congress. In

1 the event that the Board should determine that the release
2 of any material is advisable because of obsolescence it shall,
3 not less than six months before releasing any of such ma-
4 terial for this reason, submit to the Congress a report setting
5 forth the findings of fact which have led it to make this
6 determination, a statement of the amounts of the material
7 it proposes to release and the plan of disposition it proposes
8 to follow to assure the United States against avoidable loss
9 on the sale of the materials to be released and producers,
10 processors, and consumers against any avoidable disruption
11 of their usual markets. In the event that the Board should
12 determine that the release of any material is advisable for
13 reasons other than obsolescence, it shall submit its views
14 to the Congress with recommendations setting forth specifi-
15 cally the kind and the amount of materials it believes that
16 Congress should specifically authorize it to release and the
17 plan of disposition it proposes that the Congress should
18 authorize it to follow.

19 "SEC. 8. Any funds heretofore or hereafter received on
20 account of sales or other dispositions of materials under the
21 provisions of this Act shall be deposited to the credit of,
22 shall constitute an addition to, and shall be available for
23 expenditure for the purposes of, any appropriation available
24 at the time of such deposit for carrying out the provisions of
25 this Act.

1 “SEC. 9. (a) The Secretary of the Interior, through the
2 Director of the Bureau of Mines and the Director of the
3 Geological Survey, is hereby authorized and directed to make
4 scientific, technologic, and economic investigations concern-
5 ing the extent and mode of occurrence, the development,
6 mining, preparation, treatment, and utilization of ores and
7 other mineral substances found in the United States or its
8 Territories or insular possessions, which are essential to the
9 common defense or the industrial needs of the United States,
10 and the quantities or grades of which are inadequate from
11 known domestic sources, in order to determine and develop
12 domestic sources of supply, to devise new methods for the
13 treatment and utilization of lower grade reserves, and to
14 develop substitutes for such essential ores and minerals prod-
15 ucts; to explore and develop on public lands and on pri-
16 vately owned lands, with the consent of the owner, de-
17 posits of such minerals, including core drilling, trenching,
18 test-pitting, shaft sinking, drifting, cross-cutting, sampling,
19 and metallurgical investigations and tests as may be neces-
20 sary to determine the extent and quality of such deposits, the
21 most suitable methods of mining and beneficiating them, and
22 the cost at which the minerals or metals may be produced.

23 “(b) The Secretary of Agriculture is hereby authorized
24 and directed to make scientific, technologic, and economic
25 investigations of the feasibility of developing domestic

1 sources of supplies of any agricultural materials designated
2 as strategic and critical by the Board (including, but not
3 limited to, the materials contained in the lists compiled pur-
4 suant to section 3) or substitutes therefor.

5 “SEC. 10. The Board shall submit to the Congress, not
6 later than December 31 following each fiscal year, a written
7 report detailing its activities under this Act for that fiscal
8 year. The report may include such recommendations as the
9 Board believes will improve the operation of this Act, but
10 shall not contain any information the disclosure of which is
11 deemed by the Secretary of War or the Secretary of the
12 Navy to be inimical to the national security.

13 “SEC. 11. There is hereby authorized to be appro-
14 priated, out of any moneys in the Treasury not otherwise
15 appropriated, such sums as the Congress may, from time to
16 time, deem necessary to carry out the provisions of this
17 Act. Funds so appropriated, exclusive of sums allocated
18 for the purposes of section 9, shall be expended under the
19 direction of the Board.

20 “SEC. 12. As used in this Act—

21 “(a) ‘Materials’ means all commodities (except petro-
22 leum) in raw, partly processed, or refined forms appropriate
23 for industrial use, including ores, concentrates, alloys, and
24 scrap susceptible of economic conversion to a form suitable
25 for stock piling but not including fabricated or semifabri-

1 cated articles which in the judgment of the Board are not
2 scrap and are unsuitable for stock piling.

3 “(b) ‘Agency’ means any executive department, in-
4 dependent office, or other agency of the United States, in-
5 cluding a corporation owned or controlled by the United
6 States.”

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

By Mr. THOMAS of Utah

MARCH 16, 1945

Read twice and referred to the Committee on Military
Affairs

79TH CONGRESS
1ST SESSION

S. 1481

IN THE SENATE OF THE UNITED STATES

OCTOBER 15, 1945

Mr. JOHNSON of Colorado introduced the following bill; which was read twice
and referred to the Committee on Military Affairs

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended,
relating to the acquisition of stocks of strategic and critical
materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is further amended to read as follows:

5 “That the natural resources of the United States in
6 certain strategic materials being deficient to supply the indus-
7 trial, military, and naval needs of the country for the
8 common defense, it is the policy of the Congress and the
9 purpose and intent of this Act to provide for the acquisition
10 and retention of stocks of these materials and thereby de-

crease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign sources for supplies of these materials in times of national emergency.

“SEC. 2. To effectuate the policy set forth in section 1 of this Act, the President is authorized and directed to determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials, and (3) the date by which such quantities should be acquired. In making these determinations, the President shall receive the advice and assistance of the Strategic Materials Stock Piling Board established in section 3 hereof. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

“SEC. 3. The President shall establish, within such agency of the Government as he shall designate, a Strategic Materials Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a Chairman (hereinafter referred to as the Chairman), to be appointed by the head of the designated agency with the approval of the President, and the following members: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his depart-

1 ment to serve as his representative on the Board. The
2 Chairman shall receive a salary of \$10,000 per annum and is
3 authorized, within the limits of such funds as may be allo-
4 cated or appropriated for the purpose, to employ and fix the
5 compensation of the necessary personnel, subject to the pro-
6 visions of the civil-service laws and regulations and the
7 Classification Act of 1923, as amended, and make provisions
8 for necessary supplies, facilities, and services.

9 “SEC. 4. (a) The stock piles shall consist of all such
10 materials heretofore purchased or transferred to be held
11 pursuant to this Act, or hereafter transferred pursuant to
12 section 6 hereof, or hereafter purchased pursuant to section 5
13 hereof, and not disposed of pursuant to this Act. Except for
14 the rotation to prevent deterioration and except for the dis-
15 posal of any material which is no longer required to be stock
16 piled for common defense pursuant to revised determinations
17 under section 2 hereof, materials acquired under this Act shall
18 be released for use, sale, or other disposition only (a) on
19 order of the President at any time when in his judgment such
20 release is in the interest of the national defense; or (b) in
21 time of war or during a national emergency proclaimed by
22 the President on order of such agency as may be designated
23 by the President.

24 “(b) Materials acquired under this Act shall be dis-
25 posed of under a revised determination made pursuant to

1 section 2 hereof only after the publication in the Federal
2 Register of a notice of the proposed disposition. Such notice
3 shall state the amounts of the material proposed to be re-
4 leased, the plan of disposition proposed to be followed, and
5 the date upon which the material is to become available
6 for sale or transfer. The plan and date of disposition shall
7 be fixed with due regard to the protection of the United
8 States against avoidable loss on the sale or transfer of the
9 material to be released, and the protection of producers,
10 processors, and consumers against avoidable disruption of
11 their usual markets.

12 “SEC. 5. (a) The Chairman, with the advice and as-
13 sistance of members of the Board, shall—

14 “(1) direct the purchase of strategic materials pur-
15 suant to the determinations as provided in section 2
16 hereof, which shall be made, so far as is practicable,
17 from supplies of materials in excess of the current in-
18 dustrial demand and at the lowest prices obtainable,
19 and such purchases may be made without regard to title
20 III of the Act of March 3, 1933 (47 Stat. 1520), and
21 without regard to section 3709 of the Revised Statutes;

22 “(2) provide for the storage, security, and mainte-
23 nance of strategic materials for stock-piling purposes on
24 military and naval reservations or other locations, ap-
25 proved by the Chairman;

1 “(3) provide for the refining or processing of any
2 materials acquired under this Act when he deems such
3 action necessary to convert such materials into a form
4 more suitable for stock-piling;

5 “(4) provide for the rotation of any strategic mate-
6 rials constituting a part of the stock pile where necessary
7 to prevent deterioration by replacement of acquired stocks
8 with equivalent quantities of substantially the same
9 material;

10 “(5) dispose of such quantity of any material con-
11 stituting a part of the stock pile which is in excess of the
12 revised determinations on that material made pursuant
13 to section 2 hereof: *Provided*, That appropriate public
14 notice is made prior to actual disposition;

15 “(6) submit to the Congress, not later than Decem-
16 ber 31 following each fiscal year, a written report detail-
17 ing the activities of stock piling under this Act, however,
18 the report shall not contain any information the disclosure
19 of which is deemed by the Secretary of War or the Sec-
20 retary of the Navy to be inimical to the national security,
21 and submit quarterly reports to the Army and Navy
22 Munitions Board informing them of the current status
23 of the stock piles.

24 “(b) All purchases and expenditures provided for in

1 this section shall be made with the funds or from the sources
2 authorized by the provisions of this Act, and the purchases,
3 storing, refining, rotation, and disposal provided for by this
4 section shall be made by or through such agencies as the
5 Chairman may designate.

6 "SEC. 6. (a) Pursuant to regulations issued by the
7 Chairman, every material included in the determinations
8 made pursuant to section 2 hereof, which is owned by the
9 United States or any agency thereof, including any material
10 received from a foreign government under an agreement
11 made pursuant to the Act of March 11, 1941 (55 Stat. 31),
12 as amended, or other authority, shall be transferred by
13 the owning agency, when determined by such agency to
14 be surplus to its needs and responsibilities, to the stock piles
15 established pursuant to this Act so long as the amount of
16 the stock pile for that material does not exceed the quantities
17 determined therefor pursuant to section 2 hereof. The
18 Chairman shall exempt from this requirement, (1) any
19 material which constitutes contractor inventory if the own-
20 ing agency shall not have taken possession of such inven-
21 tory, and (2) such amount of any material as the Chairman,
22 with the advice and assistance of the members of the Board,
23 determines to be necessary to make up any deficiency of
24 the supply of such material for the current requirements
25 of industry, or held in lots so small as to make the transfer

1 thereof economically impractical. The Chairman shall
2 exempt from the requirement of transfer by this section such
3 materials as do not meet, or are not susceptible of economic
4 conversion to meet, the specifications determined in accord-
5 ance with section 2 hereof. However, the Chairman is
6 authorized, either before or after the transfer, to convert
7 or arrange to convert such material which is susceptible
8 of economic conversion into the form or quality to meet the
9 specifications determined in accordance with section 2 hereof.
10 The total material transferred to the jurisdiction of the
11 Chairman in accordance with this section during any fiscal
12 year beginning more than twelve months after this Act
13 becomes law shall not exceed in value (as determined
14 by the Chairman on the basis of the fair market value at
15 the time of each transfer) an amount to be fixed by the
16 appropriation Act or Acts relating to the acquisition of
17 materials under this Act.

18 “(b) Any transfer made pursuant to this section shall
19 be made without charge against or reimbursement from the
20 funds available to the Chairman, except that expenses inci-
21 dent to such transfer may be paid or reimbursed from such
22 funds, and except that upon any such transfer from the
23 Reconstruction Finance Corporation, or any corporation
24 organized by virtue of the authority contained in the Act
25 of January 22, 1932 (47 Stat. 5), as amended, the Secre-

1 tary of the Treasury shall cancel notes of Reconstruction
2 Finance Corporation, and sums due and unpaid upon or in
3 connection with such notes at the time of such cancellation,
4 in an amount equal to the fair market value as determined
5 by the Chairman of the material so transferred.

6 “(c) Effective whenever the Secretary of the Treasury
7 shall cancel any notes pursuant to subsection (b) of this
8 section, the amount of notes, debentures, bonds, or other
9 such obligations which the Reconstruction Finance Corpora-
10 tion is authorized and empowered to have outstanding at
11 any one time under the provisions of existing law shall be
12 deemed to be reduced by the amount of the notes so
13 canceled.

14 “(d) Section 14 (b) of the Act of October 3, 1944
15 (58 Stat. 765), is hereby amended to read as follows:

16 ““(b) Subject only to subsection (c) of this section,
17 any owning agency may dispose of, (1) any property which
18 is damaged or worn beyond economical repair; (2) any
19 waste, salvage, scrap, or other similar items; (3) any
20 product of industrial, research, agricultural, or livestock
21 operations, or of any public works construction or main-
22 tenance project, carried on by such agency.’

23 “(e) Section 22 of the Act of October 3, 1944 (58
24 Stat. 765), is hereby repealed.

25 “SEC. 7. Any funds heretofore or hereafter received on

1 account of sales or other dispositions of materials under the
2 provisions of this Act, except funds received on account of
3 the rotation of stocks, shall be covered into the Treasury as
4 miscellaneous receipts.

5 “SEC. 8. The Secretary of the Interior, through the
6 Director of the Bureau of Mines and the Director of Geologi-
7 cal Survey, is hereby authorized and directed to make scien-
8 tific, technologic, and economic investigations concerning the
9 extent and mode of occurrence, the development, mining,
10 preparation, treatment, and utilization of ores and other
11 mineral substances found in the United States or its Territories
12 or insular possessions, which are essential to the common
13 defense or the industrial needs of the United States, and the
14 quantities or grades of which are inadequate from known
15 domestic sources, in order to determine and develop domestic
16 sources of supply, to devise new methods for the treatment
17 and utilization of lower grade reserves, and to develop sub-
18 stitutes for such essential ores and mineral products; to explore
19 and develop, on public lands and on privately owned lands,
20 with the consent of the owner, deposits of such minerals, in-
21 cluding core drilling, trenching, test-pitting, shaft sinking,
22 drifting, cross-cutting, sampling, and metallurgical investiga-
23 tions and tests as may be necessary to determine the extent
24 and quality of such deposits, the most suitable methods of

1 mining and beneficiating them, and the cost at which the
2 minerals or metals may be produced.

3 “SEC. 9. There is hereby authorized to be appropriated,
4 out of any moneys in the Treasury not otherwise appro-
5 priated, such sums as the Congress, from time to time, may
6 deem necessary to carry out the provisions of this Act. The
7 funds so appropriated, including the funds heretofore ap-
8 propriated, shall remain available to carry out the provisions
9 of this Act until expended and shall be expended under the
10 direction of the Chairman.

11 “SEC. 10. For the purposes of this Act the term ‘strate-
12 gic materials’ shall not include petroleum or petroleum
13 products.

14 “SEC. 11. This Act may be cited as the ‘Strategic Ma-
15 terials Stock Piling Act’.”

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategie and critical materials for national defense purposes.

By Mr. JOHNSON of Colorado

OCTOBER 15, 1945

Read twice and referred to the Committee on Military
Affairs

IN THE SENATE OF THE UNITED STATES

OCTOBER 26 (legislative day, OCTOBER 22), 1945

MR. McCARRAN introduced the following bill; which was read twice and referred to the Committee on Military Affairs

A BILL

To regulate the disposition of accumulations of strategic and critical materials.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That all Government-owned accumulations of strategic and
4 critical materials (as such materials have been or shall be
5 defined by the Secretary of War, the Secretary of the Navy,
6 and the Secretary of the Interior, acting jointly through the
7 agency of the Army and Navy Munitions Board, pursuant
8 to the provisions of section 2 of the Act approved June 7,
9 1939 (53 Stat. 811), and including strategic minerals and
10 metals as defined in section 22 of the Surplus Property
11 Act of 1944, approved October 3, 1944) shall not hereafter
12 be sold or otherwise disposed of except for use by or on
13 behalf of the United States in the interests of national
14 defense or in the prosecution of a war.

79TH CONGRESS
1ST SESSION

S. 1522

A BILL

To regulate the disposition of accumulations
of strategic and critical materials.

By Mr. McCARRAN

OCTOBER 26 (legislative day, OCTOBER 22), 1945

Read twice and referred to the Committee on Military
Affairs



STOCK-PILING

HEARING

BEFORE THE

SUBCOMMITTEE ON SURPLUS PROPERTY OF THE
COMMITTEE ON MILITARY AFFAIRS

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

FIRST SESSION

ON

S. 752 and S. 1481

BILLS TO AMEND THE ACT OF JUNE 7, 1939 (53 STAT. 811),
AS AMENDED, RELATING TO THE ACQUISITION OF
STOCKS OF STRATEGIC AND CRITICAL MATERIALS
FOR NATIONAL DEFENSE PURPOSES

AND

S. 1522

A BILL TO REGULATE THE DISPOSITION OF ACCUMULATIONS
OF STRATEGIC AND CRITICAL MATERIALS

OCTOBER 30, 1945

Printed for the use of the Committee on Military Affairs



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STOCK-PILING

TUESDAY, OCTOBER 30, 1945

UNITED STATES SENATE,
SURPLUS PROPERTY SUBCOMMITTEE OF THE
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:30 a. m., in room 224, Senate Office Building, Senator Joseph C. O'Mahoney (chairman) presiding.

Present: Senator O'Mahoney.

Also present: Kurt Borchardt, counsel to the subcommittee; W. C. Broadgate, technical consultant, Mining and Minerals Industry Subcommittee, Senate Small Business Committee.

Appearances: Richard H. Templeton, Jr., administrative analyst, Bureau of the Budget; Harold Stein, planning adviser, Office of War Mobilization and Reconversion; C. K. Leith, mineral consultant, War Production Board; chief of Metals and Minerals Division, Office of Production, Research, and Development; Dr. Alan M. Bateman, consultant on foreign metals and minerals, Reconstruction Finance Corporation; Commodore Lewis L. Strauss, United States Naval Reserve, special assistant to the Secretary of the Navy; Julian D. Conover, secretary, American Mining Congress, Washington, D. C.; Commander Virgil R. Goode, United States Naval Reserve, Navy executive secretary, Army and Navy Munitions Board; Col. William H. Hutchinson, War Department, Army executive secretary, Army and Navy Munitions Board; E. W. Pehrson, chief of Economics and Statistics Branch, Bureau of Mines, Department of the Interior; J. Carson Adkerson, president, American Manganese Producers Association; Willard L. Thorp, deputy to the Assistant Secretary for Economic Affairs of the Department of State, and Alexander C. Barker, president, Dominion Manganese Corp., New York, N. Y.

Senator O'MAHONEY. This meeting is being held at the direction of the Senate Committee on Military Affairs to consider the bill introduced by the chairman of the committee, Senator Thomas of Utah, S. 752, to amend the act of June 7, 1939, as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes. That bill was submitted to the various Government agencies concerned for comment and report.

A letter was received from the Director of the Bureau of the Budget, transmitting a suggested modification of the measure. This was introduced by the acting chairman of the Committee on Military Affairs, Senator Johnson of Colorado, and is known as S. 1481.

Since that time a bill has been introduced by Senator McCarran to regulate the disposition of accumulations of strategic and critical materials, S. 1522.

All three measures are before this committee, and I will ask that the bills be incorporated in the record at this point.

(S. 752, S. 1481, and S. 1522 are as follows:)

[S. 752, 79th Cong., 1st sess.]

A BILL To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. To effectuate the policy set forth in section 1 hereof, there is hereby created a Stock Pile Board (hereinafter referred to as the Board) consisting of the Secretary of War, who shall serve as Chairman, the Secretary of State, the Secretary of the Navy, the Secretary of the Interior, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The Board may appoint and fix the compensation of such personnel as it may deem necessary to enable it to carry out the provisions of this Act, subject to the provisions of the civil-service laws and regulations and the Classification Act of 1923, as amended. Upon the request of the Board, the head of any agency may detail personnel in his agency, including commissioned officers and enlisted personnel in the armed forces, for service under this Act subject to the direction of the Board.

"SEC. 3. (a) The Board shall compile a list consisting of (1) the materials recommended for stock-piling in the report submitted to the Congress by the Army and Navy Munitions Board under date of January 2, 1945, and classified in table II of such report as 'Group A.—Materials for which stock-piling is deemed the only satisfactory means of insuring an adequate supply for a future emergency'; and (2) such additional materials as the Board (that is, the Stock Pile Board created under section 2) determines, from time to time, are strategic and critical and should be included in such list. For the materials contained in group A of table II of such report, the Board shall fix as the maximum and minimum quantities for stock-piling the respective amounts recommended in table III of such report; and for the materials added by the Board to such list, it shall fix as the maximum and minimum quantities for stock-piling the amounts it determines to be appropriate in order to assure an adequate supply thereof for a future war emergency.

"(b) The Board shall compile a second list consisting of (1) the materials recommended for stock-piling in the report referred to in section 3 (a) and classified in table II of such report as 'Group B.—Materials practicable for stock-piling, but recommended for acquisition only to the extent available for transfer from Government agencies because adequacy of supply can be insured either by stimulation of existing North American production or by partial or complete use of available substitutes'; and (2) such other materials as the Board determines, from time to time, are strategic and critical and should be included in such list. For the materials contained in group B of table II of the report referred to, the Board shall fix as the maximum quantities for stock-piling the respective amounts recommended in table IV of such report; and for the materials added by the Board to such list, it shall fix as the maximum quantities for stock-piling the amounts that it determines to be appropriate in order to supplement the supply of such materials (or their substitutes) available from North American production for a future war emergency. In the event that the Board finds at any time that the supply available from North American production of any material included in the list compiled pursuant to this subsection, or of the substitutes for such material, is becoming or threatens to become inadequate for a future war emergency, it shall remove the material from such list and include it in the list compiled pursuant to section 3 (a); and the Board shall then fix for such material

an appropriate maximum and minimum quantity for stock-piling as provided in section 3 (a).

"(c) The Board shall establish and maintain stock piles of all of the materials contained in the lists compiled pursuant to this section. These stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter determined to be surplus and transferred pursuant to section 4 or purchased pursuant to section 5 hereof and not disposed of pursuant to the provisions of section 7 hereof. The stock piles herein provided for shall be under the control of the Board.

"SEC. 4. (a) Every material contained in the lists compiled pursuant to section 3, which is owned or contracted for by the United States or any agency thereof, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the maximum fixed therefor pursuant to section 3. The Board shall exempt from this requirement, however, (1) any material which constitutes contractor inventory unless the owning agency shall have taken possession of such inventory, (2) such amount of any material as is necessary to make up any deficiency of the current supply of such material for the current requirements of industry or as the Board determines to be held in lots so small as to make the transfer thereof economically impractical, and (3) such materials as the Board determines to be in a form or of a quality ill-suited for stock-piling and not susceptible of economic conversion to a form or quality suitable for such purpose.

"(b) Any transfer made pursuant to section 4 (a) shall be made without charge against or reimbursement from the funds of the Board except that expenses incident to such transfer may be paid by the Board, and except that upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), as amended, the Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and all sums due and unpaid upon or in connection with such notes at the time of such cancelation, in an amount equal to the cost of the material so transferred.

"SEC. 5. (a) The Board shall direct the purchase of materials contained in the list compiled pursuant to section 3 (a), by such agencies as it may designate, in order that the stock pile thereof may be brought up to the minimum quantity fixed for the respective materials pursuant to that section. The purchase of any material shall be made, so far as practicable, from supplies of the material in excess of the current commercial demand. No material shall be purchased hereunder (1) at a price in excess of the current open market price, or (2) after the stock pile thereof shall have been brought up to the minimum quantity fixed therefor under section 3, except pursuant to specific authorization by the Congress. Such purchases shall be made with the funds or from the sources authorized by the provisions of this Act and shall be in accordance with the specifications approved by the Board.

"(b) Except where the Board determines that it would be inconsistent with the public interest, purchases under this Act shall be made in accordance with title III of the Act of March 3, 1932 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources, and in the case of any such material available in the United States but which has not been developed commercially, the Board may, if it finds that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond.

"SEC. 6. The Board is authorized to provide for the storage and maintenance of strategic and critical materials for stock-piling purposes by any agency having procurement functions. Where necessary to prevent deterioration, the Board is authorized to provide for the rotation of strategic and critical materials. To accomplish such rotations, the procurement agencies designated by the Board are authorized to replace acquired stocks of any such material subject to deterioration by equivalent quantities of substantially the same material in such manner as the Board deems will best serve the purposes of this Act. The Board may also arrange, through any agency designated by it, for the refining or processing of any materials when such action is deemed necessary to convert such materials into a form more suitable for stock-piling. Expenses necessary to accomplish such rotation, refining, or processing may be met out of the funds or sources authorized in this Act. The materials acquired for stock-piling purposes shall be stored on military and naval reservations or in other locations approved by the Board.

"SEC. 7. All strategic and critical materials held in the stock piles maintained under this Act, not required to meet the industrial, military, or naval needs of the country during the present war emergency, shall be held exclusively for use only in the event of a future war emergency declared by or pursuant to an Act of Congress. Upon the outbreak of war or in the event of declaration of a war emergency all or any part of the stock pile may then be released and made available for disposal by the United States or any agency as the President shall direct to meet the industrial, military, and naval needs of the United States for the common defense. The Board may not release materials at any other times or for any other purpose except (1) for the purposes of rotation in accordance with the provisions of section 6 of this Act, or (2) because of obsolescence of the material for use in time of war owing to technological changes, or (3) pursuant to specific authorization by the Congress. In the event that the Board should determine that the release of any material is advisable because of obsolescence it shall, not less than six months before releasing any of such material for this reason, submit to the Congress a report setting forth the findings of fact which have led it to make this determination, a statement of the amounts of the material it proposes to release and the plan of disposition it proposes to follow to assure the United States against avoidable loss on the sale of the materials to be released and producers, processors, and consumers against any avoidable disruption of their usual markets. In the event that the Board should determine that the release of any material is advisable for reasons other than obsolescence, it shall submit its views to the Congress with recommendations setting forth specifically the kind and the amount of materials it believes that Congress should specifically authorize it to release and the plan of disposition it proposes that the Congress should authorize it to follow.

"SEC. 8. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act shall be deposited to the credit of, shall constitute an addition to, and shall be available for expenditure for the purposes of, any appropriation available at the time of such deposit for carrying out the provisions of this Act.

"SEC. 9. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and minerals products; to explore and develop on public lands and on privately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural materials designated as strategic and critical by the Board (including, but not limited to, the materials contained in the lists compiled pursuant to section 3) or substitutes therefor.

"SEC. 10. The Board shall submit to the Congress, not later than December 31 following each fiscal year, a written report detailing its activities under this Act for that fiscal year. The report may include such recommendations as the Board believes will improve the operation of this Act, but shall not contain any information the disclosure of which is deemed by the Secretary of War or the Secretary of the Navy to be inimical to the national security.

"SEC. 11. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress may, from time to time, deem necessary to carry out the provisions of this Act. Funds so appropriated, exclusive of sums allocated for the purposes of section 9, shall be expended under the direction of the Board.

"SEC. 12. As used in this Act—

"(a) 'Materials' means all commodities (except petroleum) in raw, partly processed, or refined forms appropriate for industrial use, including ores, concentrates, alloys, and scrap susceptible of economic conversion to a form suitable for

stock piling but not including fabricated or semifabricated articles which in the judgment of the Board are not scrap and are unsuitable for stock piling.

"(b) 'Agency' means any executive department, independent office, or other agency of the United States, including a corporation owned or controlled by the United States."

[S. 1481, 79th Cong., 1st Sess.]

A BILL To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of June 7, 1939 (53 Stat. 811), as amended, is further amended to read as follows:

"That the natural resources of the United States in certain strategic materials being deficient to supply the industrial, military, and naval needs of the country for the common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and thereby decrease and prevent whatever possible a dangerous and costly dependence of the United States upon foreign sources for supplies of these materials in times of national emergency.

"SEC. 2. To effectuate the policy set forth in section 1 of this Act, the President is authorized and directed to determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials, and (3) the date by which such quantities should be acquired. In making these determinations, the President shall receive the advice and assistance of the Strategic Materials Stock Piling Board established in section 3 hereof. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

"SEC. 3. The President shall establish, within such agency of the Government as he shall designate, a Strategic Material Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a Chairman (hereinafter referred to as the Chairman), to be appointed by the head of the designated agency with the approval of the President, and the following members: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The Chairman shall receive a salary of \$10,000 per annum and is authorized, within the limits of such funds as may be allocated or appropriated for the purpose, to employ and fix the compensation of the necessary personnel, subject to the provisions of the civil-service laws and regulations and the Classification Act of 1923, as amended, and make provisions for necessary supplies, facilities, and services.

"SEC. 4. (a) The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 5 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material which is no longer required to be stock piled for common defense pursuant to revised determinations under section 2 hereof, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is in the interest of the national defense, or (b) in time of war or during a national emergency proclaimed by the President on order of such agency as may be designated by the President.

"(b) Materials acquired under this Act shall be disposed of under a revised determination made pursuant to section 2 hereof only after the publication in the Federal Register of a notice of the proposed disposition. Such notice shall state the amounts of the material proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released, and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

"SEC. 5. (a) The Chairman, with the advice and assistance of members of the Board, shall—

"(1) direct the purchase of strategic materials pursuant to the determinations as provided in section 2 hereof, which shall be made, so far as is practicable, from supplies of materials in excess of the current industrial

demand and at the lowest prices obtainable, and such purchases may be made without regard to title III of the Act of March 3, 1933 (47 Stat. 1520), and without regard to section 3709 of the Revised Statutes;

"(2) provide for the storage, security, and maintenance of strategic materials for stock-piling purposes on military and naval reservations or other locations, approved by the Chairman;

"(3) provide for the refining or processing of any materials acquired under this Act when he deems such action necessary to convert such materials into a form more suitable for stock-piling;

"(4) provide for the rotation of any strategic materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material;

"(5) dispose of such quantity of any material constituting a part of the stock pile which is in excess of the revised determinations on that material made pursuant to section 2 hereof: *Provided*, That appropriate public notice is made to actual disposition;

"(6) submit to the Congress, not later than December 31 following each fiscal year, a written report detailing the activities of stock piling under this Act, however, the report shall not contain any information the disclosure of which is deemed by the Secretary of War or the Secretary of the Navy to be inimical to the national security, and submit quarterly reports to the Army and Navy Munitions Board informing them of the current status of the stock piles.

"(b) All purchases and expenditures provided for in this section shall be made with the funds or from the sources authorized by the provisions of this Act, and the purchases, storing, refining, rotation, and disposal provided for by this section shall be made by or through such agencies as the Chairman may designate.

"SEC. 6. (a) Pursuant to regulations issued by the Chairman, every material included in the determinations made pursuant to section 2 hereof, which is owned by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. The Chairman shall exempt from this requirement, (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, and (2) such amount of any material as the Chairman, with the advice and assistance of the members of the Board, determines to be necessary to make up any deficiency of the supply of such material for the current requirements of industry, or held in lots so small as to make the transfer thereof economically impractical. The Chairman shall exempt from the requirement of transfer by this section such materials as do not meet, or are not susceptible of economic conversion to meet, the specifications determined in accordance with section 2 hereof. However, the Chairman is authorized, either before or after the transfer, to convert or arrange to convert such material which is susceptible of economic conversion into the form or quality to meet the specifications determined in accordance with section 2 hereof. The total materials transferred to the jurisdiction of the Chairman in accordance with this section during any fiscal year beginning more than 12 months after this Act becomes law shall not exceed in value (as determined by the Chairman on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation Act or Acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available to the Chairman, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), as amended, the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Chairman of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds,

or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Section 14 (b) of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of, (1) any property which is damaged or worn beyond economical repair; (2) any waste, salvage, scrap, or other similar items; (3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency."

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"SEC. 7. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"SEC. 8. The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; to explore and develop, on public lands and on privately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"SEC. 9. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the provisions of this Act until expended and shall be expended under the direction of the Chairman.

"SEC. 10. For the purposes of this Act the term 'strategic materials' shall not include petroleum or petroleum products.

"SEC. 11. This Act may be cited as the 'Strategic Materials Stock Piling Act'."

[S. 1522, 79th Cong., 1st Sess.]

A BILL To regulate the disposition of accumulations of strategic and critical materials

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all Government-owned accumulations of strategic and critical materials (as such materials have been or shall be defined by the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, pursuant to the provisions of section 2 of the Act approved June 7, 1939 (53 Stat. 811), and including strategic minerals and metals as defined in section 22 of the Surplus Property Act of 1944, approved October 3, 1944) shall not hereafter be sold or otherwise disposed of except for use by or on behalf of the United States in the interests of national defense or in the prosecution of a war.

Senator O'MAHONEY. It was the intention of the committee that morning to begin with a statement by the Director of the Bureau of the Budget on the administrative reasons for the proposed modification. In the absence of Director Smith or any representative at the moment, the committee will proceed to consider the condition of the

country with respect to materials that go into the stock piles, and particularly with respect to minerals.

We are fortunate to have available for testimony this morning Dr. C. K. Leith, of the War Production Board. Dr. Leith is one of the authors of a very valuable book on World Minerals and World Peace, which was published by the Brookings Institution in 1943.

Doctor, the committee will be very glad to hear from you at this point.

STATEMENT OF C. K. LEITH, MINERAL CONSULTANT, WAR PRODUCTION BOARD; CHIEF, METALS AND MINERALS DIVISION, OFFICE OF PRODUCTION, RESEARCH, AND DEVELOPMENT

Mr. LEITH. Mr. Senator, I thought I would confine my remarks to an over-all statement of the problem, because other witnesses will come forward with a good deal of the factual information.

I base my statement on a background of experience that went back through the last war, when I was with the War Industries Board. We also discussed the problem at the American Peace Commission meeting in Paris, which I attended. I was also for 2 of 3 years Chairman of the Minerals Advisory Committee of the Army-Navy Munitions Board. Since then I have been on the present War Production Board and its predecessors.

I cite these facts just to indicate some familiarity, at least, with the nature of the problem.

As a result of the trying experiences of World War I, Mr. Baruch, in his report of December 24, 1919, to the President, urged that steps be taken at once to insure adequate supplies of raw materials for future emergency.

In the 20 years that followed, the same program was vigorously urged on Congress by many individuals and agencies, public and private, including the Secretaries of War and Navy, many Members of Congress, the Bureau of Mines, the Planning Committee for Mineral Policy appointed by President Roosevelt, the American Institute of Mining and Metallurgical Engineers, the Mining and Metallurgical Society of America, and many others.

It was not until 1938 that a small appropriation of \$4,000,000 (supplemented by \$500,000 per year for 2 years) was made to the Navy for the purchase of strategic materials, followed in 1939 by an appropriation of \$100,000,000 to be spent by the Procurement Division of the Treasury.

When the advisory committee to the Council of National Defense began its work on June 1, 1940, a total of about \$15,000,000 had been appropriated and spent. This constituted less than 5 percent of the amount thought to be needed at that time.

By this time, the war was on in Europe, certain sources of supply were closed, shipping was tight, and prices were soaring. The result was delay, confusion, exorbitant cost in acquiring the minerals necessary for our defense program, as well as the diversion of supplies from civilian industry. One could give many illustrations of this situation. I mention tungsten as only one. We needed a comparatively small stockpile. We did not get it. In the efforts since, we have acquired the necessary stock pile at a cost several times the cost at which it

would have been available earlier, and that with delay and confusion. It was only because Providence allowed us nearly a year and a half of grace before Pearl Harbor, and the strenuous and effective efforts of the Defense Council at the very start, that we got by. You know the story, it is not necessary to elaborate it further. It was only a repetition of our experience in the First World War. These two experiences should be enough to make us do something about it. Unfortunately, the problem of raw materials as a basis for real preparedness has never been sufficiently dramatized to draw enough public attention, and I am now fearful that we shall repeat our earlier mistakes and again forget.

The problem will be worse next time.

The original Munitions Board list of strategic minerals in 1940 numbered only nine: Antimony, chrome, ferrograde manganese, mercury, mica, nickel, quartz crystals, tin, and tungsten. With the constantly expanding scale of the war, more kinds and larger amounts of minerals were called for. According to the records of the Foreign Economic Administration, we found it necessary during the war to import 65 different varieties of minerals. All classifications of strategic, critical, and essential became obsolete about as fast as they were made. It is a certainty that a future war will require still greater volume and greater variety of minerals.

In spite of large imports, the vast expansion of war consumption of minerals has resulted in appalling depletion of our own domestic resources.

It is not a matter of opinion but of simple fact that the resources of the United States will supply even a smaller proportion of our requirements in a future war, and that next time we will be even more dependent on imports, control of the sea, and on stock piles to take care of the time element and the hazard of interruption of imports. The problem of calculating the amounts and kinds will require flexible administration and will challenge the competency of the best brains we can put on the job.

At a time when our country is trying so hard to create an effective United Nations agency for the preservation of peace, it may seem contradictory and warlike for us to start out on a huge stockpile program which would seem to imply that we have no confidence in the effectiveness of any world agency to keep the peace. The same consideration applies to the Navy, and our proposed control of the atomic bomb. The only answer seems to me to be that while we all welcome the advent of a world agency to keep the peace which would make stock piles unnecessary, or the Navy, or the bomb, as a matter of cold fact the effectiveness of such a united agency is yet largely in the field of wishful thinking and until its effectiveness is demonstrated, there is no alternative but to preserve our own power. Stock piles of mineral raw materials are the very foundation of this power, whether they are made into guns, ships, planes, or bombs. In the meantime the stockpile program will accomplish certain other desirable results which are not warlike in nature.

Even if there should never be another war, the stock piles acquired for security should not be regarded as superfluous. They will be a valuable future asset to the United States to supplement our dwindling reserves. Figures to be presented to you by Mr. Pehrson will show

how woefully inadequate many of these reserves are, when measured against the life of the Nation. Ultimately some part of our gold hoard in Kentucky will certainly be translated into usable raw materials. Why wait for the wasteful conditions of emergency? Eventually; why not now?

Also, if wisely administered, stock-pile purchases from foreign sources can be used as a powerful aid to international trade and to conservation of the world's resources. If purchases are made in a manner to keep a flooring under prices and stopped when prices get out of hand, it would help greatly in stabilizing world production and in preventing the huge conservational losses so well known as the results of uncontrolled cycles of production and prices.

Still further, the purchase of stock piles can be used to give powerful aid to exchange by giving producing countries the dollars needed for international trade.

There is a good deal of fear that importation for stock-pile purposes may act as a brake on domestic industry and that some day these supplies might be thrown on the market. The bill freezes stock piles to a reasonable extent, and with stock piles under control of a properly constituted board, this ought not to be a serious threat.

One of the controversial elements of the last bill was the "buy American" provision. That is eliminated in the present bill.

Personally, I like the provisions of the present bill. Stock-pile purchases should not be used to any considerable extent to subsidize submarginal domestic production. It is important that processes and projects for the use of low-grade ores be encouraged—I should like to emphasize that fact—not only for security but for our industrial future, but my own belief is that the necessary encouragement of submarginal operations and the new processes involved should be handled by separate appropriation, perhaps through the Bureau of Mines.

Senator O'MAHONEY. Are you familiar with section 22 of the Surplus Property Act?

Mr. LEITH. Not by number, sir.

Senator O'MAHONEY. Let me read it to you. This is the section that deals with stock piling, in section (d) of which appears this language:

Within three months following the enactment of this Act the Army and Navy Munitions Board shall submit to Congress its recommendations respecting the maximum and minimum amounts of each strategic mineral or metal which in its opinion should be held in the stock pile authorized by the Act of June 7, 1939. After one year from the submission of such recommendations, unless the Congress provides otherwise by law, the Board may authorize the proper disposal agencies to dispose of any Government-owned accumulations of strategic minerals and metals including those owned by any Government corporation when determined to be surplus pursuant to this Act.

I asked the question about section 22 because in your statement you spoke of the bill as reasonably freezing the stock piles.

Mr. LEITH. Yes, sir.

Senator O'MAHONEY. May I ask you to amplify your opinion with respect to the effect of stock piles upon business transactions in minerals? In other words, what is a reasonable freeze?

Mr. LEITH. Obviously if a program is carried forward without the best of judgment, there are possibilities for bad effects on industry,

either in disposal of these surpluses or injudicious purchases at the wrong time and place. I fully realize the difficulties in store for any group or board, but I see nothing to do but to pin our faith on the selection of a board of good judgment to meet these difficulties if and as they come up, there being a great variety of conditions to face.

Senator O'MAHONEY. You believe it is desirable so to manage the stock pile that it shall not hang over the market as a threat to impede general development?

Mr. LEITH. Yes. In other words, it can be used affirmatively to help stabilize conditions, which implies that it should not be used, naturally, to interfere with normal activities any more than absolutely necessary.

And I might add this, that during the period between the two wars, when many of us were watching this stock-pile discussion very closely, we missed some tremendously good chances to get what we needed at a very low price, which would have avoided all the delay and confusion at the opening of our effort, and at the same time could have done incalculable good to industry.

Senator O'MAHONEY. Now, you contemplate acquiring these stock piles in foreign countries as well as in the United States?

Mr. LEITH. My own preference would be mainly in foreign countries, on the ground that where we need this material, we need the best and the highest grade; we need it for safety. We want, as I say, at the same time, to be sure to develop our own resources, to use them as far as possible. But I do not believe in relying on speculative assets in a security problem.

Senator O'MAHONEY. What minerals resources, precisely, is the United States short of?

Mr. LEITH. Well, that will be given to you in some detail by Mr. Pehrson; but generally speaking, I suppose the most obvious shortage has been the ferro-alloy minerals. Ferro-alloys occupy almost a central feature in the war effort, and aside from molybdenum and certain minor amounts of the other metals, we are short of the 8 or 10 minerals represented here.

Senator O'MAHONEY. Are there any questions from the Army.

Colouel HUTCHINSON. No.

Senator O'MAHONEY. From the Navy?

Commander GOODE. No, sir.

Senator O'MAHONEY. The Office of War Mobilization and Reconversion?

Mr. STEIN. No, sir.

Senator O'MAHONEY. Mr. Conover, do you care to ask any questions?

Mr. CONOVER. No, sir.

Senator O'MAHONEY. Is there anything else you desire to add, Doctor?

Mr. LEITH. I think that is sufficient for the time being, perhaps.

Senator O'MAHONEY. I have tried to get you into trouble, but not successfully.

Mr. LEITH. I will be glad to attempt to answer any questions that come up where I feel that I have anything to say about it, but others are going to present the factual side of this and I have made no attempt to do anything of that kind.

Senator O'MAHONEY. Mr. Pehrson.

Mr. PEHRSON. Are you asking me if I have questions of Dr. Leith?

Senator O'MAHONEY. No, I am asking you now to take the stand and develop the story.

Mr. PEHRSON. I would be glad to.

Senator O'MAHONEY. Will you identify yourself for the record?

Mr. PEHRSON. E. W. Pehrson, Chief, Economics and Statistics Branch, Bureau of Mines.

Senator O'MAHONEY. How long have you been in that position?

Mr. PEHRSON. I have been in that position for 5 years. I have been with the Bureau of Mines since 1928, since which time I have been more or less identified with efforts at stock piling and at planning for meeting the problem of preparedness on the raw-material front.

Senator O'MAHONEY. Will you proceed?

STATEMENT OF E. W. PEHRSON, CHIEF, ECONOMICS AND STATISTICS BRANCH, BUREAU OF MINES, DEPARTMENT OF THE INTERIOR

Mr. PEHRSON. Dr. Leith neglected to mention that he served as chairman of the Mineral Advisory Committee to the Army and Navy Munitions Board in 1938 and 1939, and I had the honor of serving as secretary to that committee.

My remarks this morning will consist of two parts. The first part will be an attempt to present a factual picture of our mineral position and how we stand with respect to depletion of our mineral resources. The second part will be devoted to a few general comments on stock-piling legislation. That part of my remarks I think more appropriately would follow the Budget Bureau's presentation, but I will leave it to your good judgment as to whether you want to continue after I finish the factual presentation.

Dr. Leith has given us a very good background of the importance of raw materials and our failure to have acted effectively on the problem in years gone by. I would like to emphasize just a little more the tremendous importance of minerals in our national economy. As a matter of fact, it is our great wealth of mineral resources that makes possible our great industrial and military power; and the sad part is that as we deplete our mineral resources, we deplete the basis of our strength.

Also, had it not been for our tremendous mineral wealth, we would be restricted to an agricultural type of economy, which would not be capable of supporting our 139,000,000 people at such a high standard, which as we all know is the envy of the world.

There has been considerable discussion of late in regard to whether not we have become a "have not" nation. There are, as usual, extreme schools of thought. There is the alarmist thought, which seems to attract the headlines, that we are in a decidedly "have not" position. There is the other extreme view that we have barely scratched the surface of our mineral wealth, and that all we need to do is to stir ourselves and there is tremendous untapped wealth still remaining in our treasure house.

With a view to making available the many years of experience of the Geological Survey and the Bureau of Mines in appraising our mineral wealth, a little over a year ago the two agencies undertook a study of our mineral resources, and I am privileged today to present a

few preliminary results of that survey, which I will do through the medium of five lantern slides which I hope to project on the screen.

Before getting into the exact details of our mineral reserve position, I would like to show the first slide, which gives you an idea of the rapid rate at which we have been increasing mineral production in the United States.

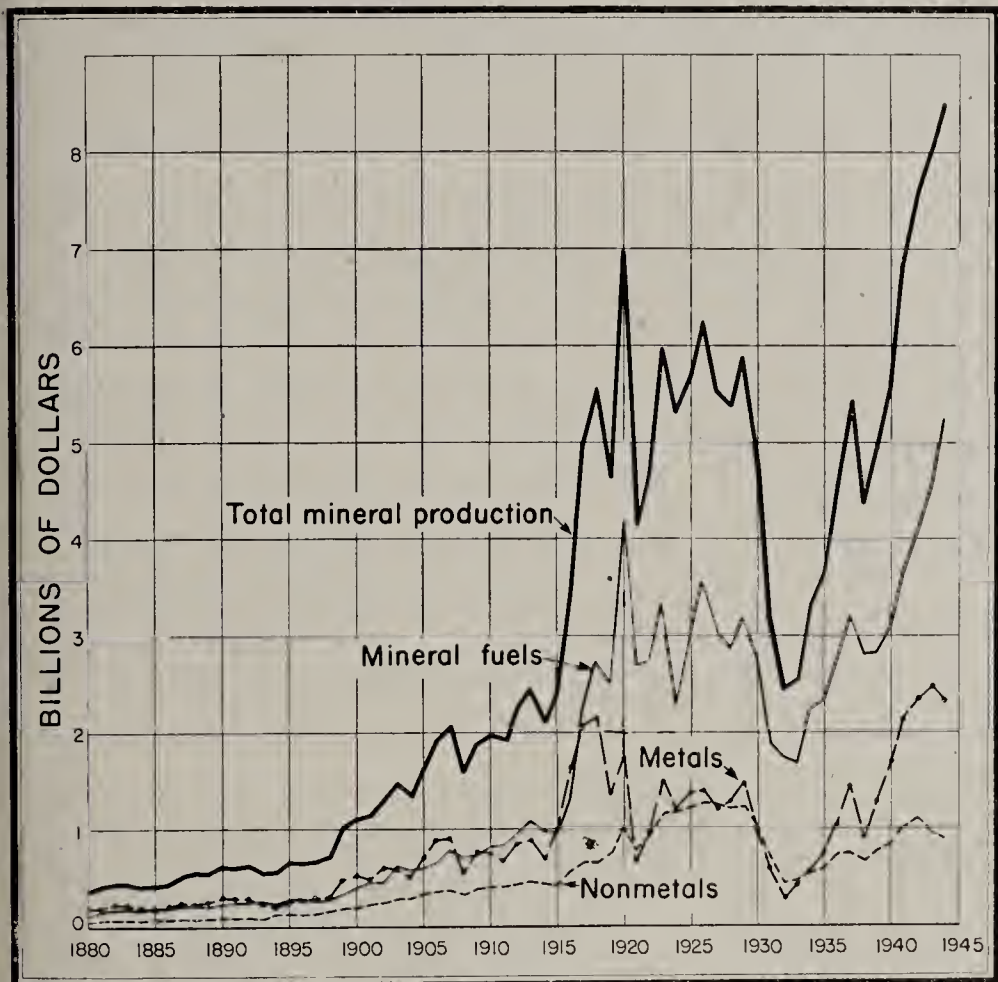


FIGURE 1.—TRENDS IN VALUE OF MINERAL PRODUCTION IN THE UNITED STATES, 1880-1944

The heavy line at the top of the chart shows the dollar value of total mineral production in the United States from 1880 to 1944. You will note that in the last two decades of the nineteenth century the increase in production was relatively slow. Beginning with 1900, however, the rate of production increased tremendously, and of course it received great impetus during World War I, and again in World War II.

SENATOR O'MAHONEY. Is the line adjusted to allow for variations in the value of the dollar?

MR. PEARSON. No. This is a straight dollar value. On a physical-volume basis, the picture would be much the same.

Senator O'MAHONEY. The devaluation of the dollar in 1933 or 1934 makes a substantial change, does it not?

Mr. PEHRSON. Not particularly. The value of gold production increased appreciably, but it represented only about 3 percent of the total value of mineral production. The unit values of the mineral raw materials did not rise in the same proportion as the price of gold.

The significant points shown by the chart, as I see it, are that, first, while we have depleted our mineral resources tremendously during the war periods, that depletion is considerably less important than the depletion that has taken place in the normal growth of industry in this country. So that our condition today is the result of the trend since 1900 rather than of any pronounced depletion during the war period.

The second line on the chart indicates the value of mineral fuels, which comprises a large part of the total; and the two lines on the bottom are the nonmetallic minerals other than fuels and metals.

You will note that metals have a tendency to rise to peaks during the war periods. The production of metals was high in 1916-18 and again in 1943-44.

Now, with that broad picture of depletion in mind, we might consider briefly some of the problems that are involved in estimating reserves.

Senator O'MAHONEY. May I ask, how does this tend to show depletion? It shows production.

Mr. PEHRSON. It tends to show depletion because the tremendous rate of increase in production has drawn on a fixed original reserve of raw materials. We have not added to our basic reserve of minerals.

Senator O'MAHONEY. That, of course, is true, but whether or not we are actually depleting our reserves depends upon the size of the reserve, does it not?

Mr. PEHRSON. That is correct, and we will get into some details on that a little later.

In estimating our reserves, of course, we cannot see beneath the surface of the earth, and the estimates which we have today and on which this discussion is based represent the appraisal of commercial reserves by the mining engineers and geologists of the Department of the Interior. We have taken as a criterion of commercial conditions, prewar prices and present technology. Both, of course, have an important influence on the availability of mineral resources.

The outlook for the future, and the reliability of these present estimates of reserves depend to a large extent on the success achieved in finding deep-seated ore deposits that are not now visible. Opinions vary on that point. My own view is that the cost of prospecting for minerals at depth, where you have to be guided more or less by intuition rather than geological or engineering evidence, is very high; and I think that the possibility of finding large increases in reserves over those presently known for most minerals is so remote that we would not be justified in basing our national defense or our national mineral policy on the assumption that we can carry on indefinitely with the rate of production that you see before you on the chart.

Senator O'MAHONEY. I am wondering if it will be necessary, in the new scientific age, to depend upon intuition? The petroleum committee, of which I happen to be chairman, has received information that in the last 4 years some 5,000 petroleum wells in the United States

and in two foreign countries have been tested by an atomic energy device with very satisfactory results in the location of oil horizons which had been overlooked.

Under this method, as described to me, a device emanating atomic energy is lowered into the well. The emanations penetrate the well casing and register upon the surrounding strata. Likewise, the emanations contained in the surrounding strata are registered in the device. So that the scientist who manipulates this has the advantage of recording both from the reaction to the impulses that leave the device, and from the impulses that come from the minerals or the strata in the subsoil. All this, I am told, has resulted in substantial discoveries of theretofore overlooked deposits of oil.

Now, if that can be done with respect to petroleum, it certainly can be done with respect to any other mineral, it would seem to me, and we may not have to depend on intuition.

MR. PEHRSON. We have across the table two eminent geologists, who are far better qualified to comment on the effect of new atomic science on the location of ore bodies than I am.

There is one other angle there, and that is that the new revelations in atomic science this year have at least made it theoretically possible to transmute a common element into a scarce element. I think most of us who are concerned with the production phase of mining feel that the economics of transmutation will not shake down to practical working conditions within our lifetime.

Either one of these gentlemen may want to comment on your atomic science effect on oil-well prospecting.

SENATOR O'MAHONEY. If they care to do so now, of course, it is perfectly wide open.

MR. PEHRSON. Of course, we are undoubtedly going to find additional ore bodies, and some of those ore bodies have been anticipated in the reserve estimates I am about to present. But I would like to call your attention to the fact that without exception the principal lead-producing districts of the last war produced considerably less lead during this war than they did in 1917 and 1918. The largest—

SENATOR O'MAHONEY (interposing). You are referring now to lead-producing districts in the United States?

MR. PEHRSON. In the United States; yes, sir. My remarks are largely confined to the domestic picture.

The most recent large copper deposit found was the United Verde Extension Mine, which was discovered about 1915 in Arizona. The total production of that mine in the 20-odd years that it operated would scarcely supply one-half year's consumption at the prewar rate; and while we have developed additional copper capacity, it has been through technological developments in handling low-grade deposits.

I should like also to point out that we have had no major discoveries in lead-zinc since the Picher district in Oklahoma was uncovered at the early part of the last war.

On the next chart, figure 2, we have added together the total production to date and the ore reserve estimates as of 1944, and we have called that sum the total original mineral reserves of the United States which is represented by 100 percent on the bar diagrams.

SENATOR O'MAHONEY. What does the black represent?

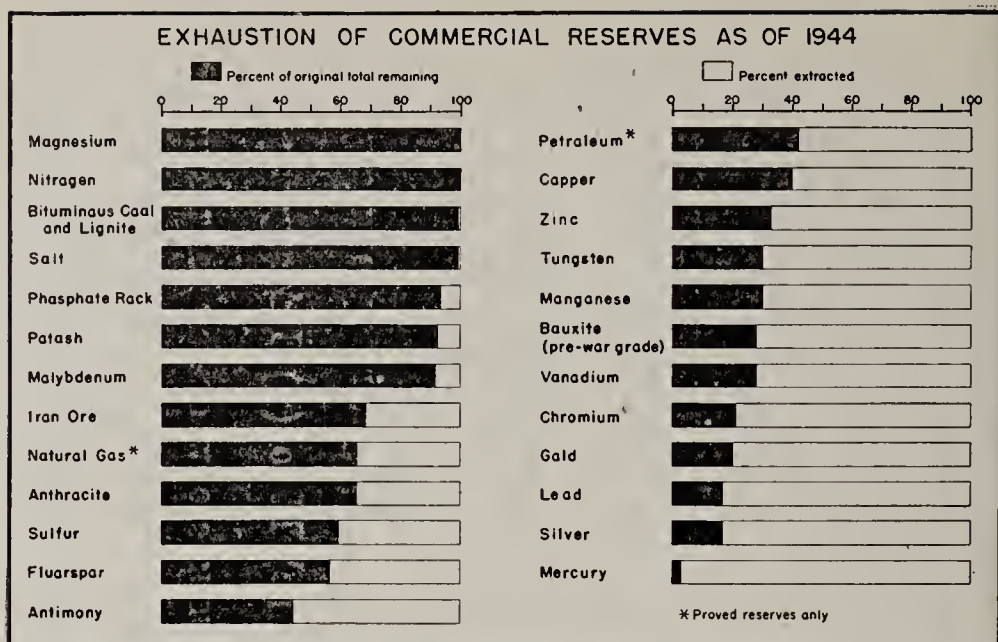


FIGURE 2.—Chart showing proportion of estimated original commercial reserves (measured, indicated and inferred) of certain minerals in the United States remaining as of 1944.

MR. PEARSON. The black shows the proportion of the original reserve that still remains. The white area of the bar represents the portion extracted.

On the left-hand column we have, in the upper half, those important mineral commodities of which we still have a very large reserve. At the top of the list are magnesium and nitrogen. Magnesium, of course, is derived from underground brines and ocean water, a virtually inexhaustible supply. Nitrogen is obtained from the air, also an inexhaustible resource. As to bituminous coal and lignite, our exhaustion to date is on the order of 1 percent. The same is true of salt, which some of you may not realize is a very important industrial raw material.

SENATOR O'MAHONEY. How much magnesium has been produced actually in the United States?

MR. PEARSON. The total production through 1944 was 405,000 short tons.

SENATOR O'MAHONEY. The question was designed to develop that these first four substances—magnesium, nitrogen, bituminous coal and lignite, and salt, are represented as 100 percent not because none of these substances has been developed, but because the supply is so tremendous that what we have developed is practically negligible in comparison with the reserves.

MR. PEARSON. That is correct.

Now, coming to phosphate rock and potash—two important fertilizer raw materials, in addition to nitrogen—we find our resources are quite intact. Bear in mind we are discussing now commercial reserves only. We are not discussing the tremendous quantities of some of these materials that are now classed as submarginal.

Under potash we have molybdenum. We have a very good position in that; we have much of our original reserve remaining. And we also have large submarginal reserves, as we shall see later.

Senator O'MAHONEY. Do you have charts to show where these deposits are to be found in the United States?

Mr. PEHRSON. We don't have those with us, but they will be part of this large report the two bureaus are working up.

Senator O'MAHONEY. For this record, let me ask you how widely are they dispersed over the United States?

Mr. PEHRSON. They are quite widely dispersed over the United States, the New England States perhaps have less than any other area; and some of the other eastern States, particularly the north-eastern States, are not particularly well supplied, although of course Pennsylvania is outstanding in coal. The mineral resources of the United States are spread all over the country. Sometimes we are inclined to think of minerals as primarily a western activity, but as a matter of fact the center of mineral production, if we include coal and all the nonmetallic minerals, would be considerably east of the Mississippi River.

Senator O'MAHONEY. So any program that would stimulate the development of minerals in the United States would be nationally beneficial from the point of view of geography alone?

Mr. PEHRSON. Yes. In addition, of course, the Nation as a whole has a tremendous interest in maintaining our industry, and that is only possible by maintaining our mineral supplies.

Iron ore has been a subject of some discussion in recent weeks. According to our estimates, 68 percent of the commercial reserves, original commercial reserves, still remain. The distribution is such that some major changes in iron ore technology are anticipated in the near future. I won't go into that subject this morning, it would take considerable time.

Senator O'MAHONEY. Well, if the United States still has 68 percent of its known reserves available, what is its relative position with respect to other nations as a depository of iron ore?

Mr. PEHRSON. I think we lead the world in commercial reserves. Dr. Leith can check me on this if I am not correct. But in addition to that, we have a tremendous reserve of submarginal iron ore up in the Lake Superior district which I would say puts us outstandingly in the lead as a world source of iron ore.

Senator O'MAHONEY. Is that your opinion also, Dr. Leith?

Mr. LEITH. Yes, sir. I may make one comment, that that chart is a little misleading. We say we have 68 percent left. We haven't 68 percent of our good stuff which has set the standard for our steel industry. We have taken it out of the big open pits, the rich ores, and so on, and a lot of that 68-percent stuff is lower-grade stuff; higher cost, low-grade material from Alabama and other parts of the country.

Senator O'MAHONEY. What proportion of the high-grade ore is left?

Mr. LEITH. I wouldn't care to give an offhand figure, but it is considerably lower than the 68 percent that appears there, which includes all of these sweeteners.

Senator O'MAHONEY. Well, then, your view is that the future steel industry in the United States depends upon the development of the low-grade iron ores?

Mr. LEITH. It certainly does.

Senator O'MAHONEY. For a domestic source of ore?

Mr. LEITH. Yes. And that is clearly on the cards, that it is going to cost more, but we are sure it can be done; and it makes it a little difficult to make easy comparisons with other countries, because other countries also can, in a pinch, use lower-grade materials.

Senator O'MAHONEY. Where, in the world, are there rich deposits of iron ore comparable to those which we have enjoyed in the past?

Mr. LEITH. Northern Sweden—there are just a few—northern Sweden, Brazil, and India are the three outstanding large districts that are comparable with Lake Superior. There are individual ore bodies scattered around in a hundred different places.

Senator O'MAHONEY. Are those deposits large enough to indicate the possibility that any one of those three countries would become the source of rich, inexpensive, comparatively speaking, ore for the steel industry?

Mr. LEITH. Within their own countries?

Senator O'MAHONEY. Yes.

Mr. LEITH. Yes. It happens that nearly all of these countries are short on the fuel side of the picture. So that it doesn't follow at all that they are going to have a steel industry comparable to the magnitude of their iron-ore reserves.

Senator O'MAHONEY. What about Brazil?

Mr. LEITH. That is in the same position there. Brazil is very definitely short of coal, fuel; and South America doesn't have a very large consumptive capacity. I don't expect to see a really large steel industry develop anywhere south of the Equator.

Senator O'MAHONEY. Then so far as your understanding of the facts goes, the United States still remains the premier nation of the world so far as iron ore and fuel are concerned?

Mr. LEITH. Yes; and capacity to make steel out of these low-grade materials. I would agree definitely on that, and I think it is true not only now but it is going to be true into an indefinite future.

Mr. PEHRSON. For the remaining commodities on the chart, we have quite a diverse picture. We estimate we have left about 3 percent of the original commercial reserves of mercury—and by reserves of mercury I am talking about material available at prewar prices, nor war prices; and we have 42 percent of our proven petroleum resources left. That, however, is a little misleading, because unfortunately we have very few estimates of what our total potential petroleum yield might be. One competent authority has estimated that the total yield of petroleum in the United States might be 100 billion barrels. On the basis of that estimate we have 70 billion barrels remaining, which is some $3\frac{1}{2}$ times the present estimate of proven reserves. Time will tell as to how reliable that estimate is.

I think the significant features from this chart are, first, that we are extremely well supplied with fuel and iron ore, as the chairman has already pointed out, and therein lies the principal reason why we are not a "have-not" nation. As long as we have coal and iron ore, we have the economic basis for a steel industry; and with a sound steel industry, we will find that the other raw materials will flow to it, whether we produce them domestically or whether we obtain them from abroad.

It is significant to note that on the right-hand column of this chart, where depletion is well along, we have such important raw materials as copper, zinc, tungsten, manganese, bauxite, lead, and we also have gold and silver.

Senator O'MAHONEY. What are the elements in which we are in short supply? There is mercury, silver, lead, gold, chromium—

Mr. PEIRSON (interposing). I have another chart to be shown a little later which illustrates our self-sufficiency before the war. This chart merely shows the degree of exhaustion of original reserves.

Senator O'MAHONEY. You will develop that?

Mr. PEIRSON. Yes; a little later.

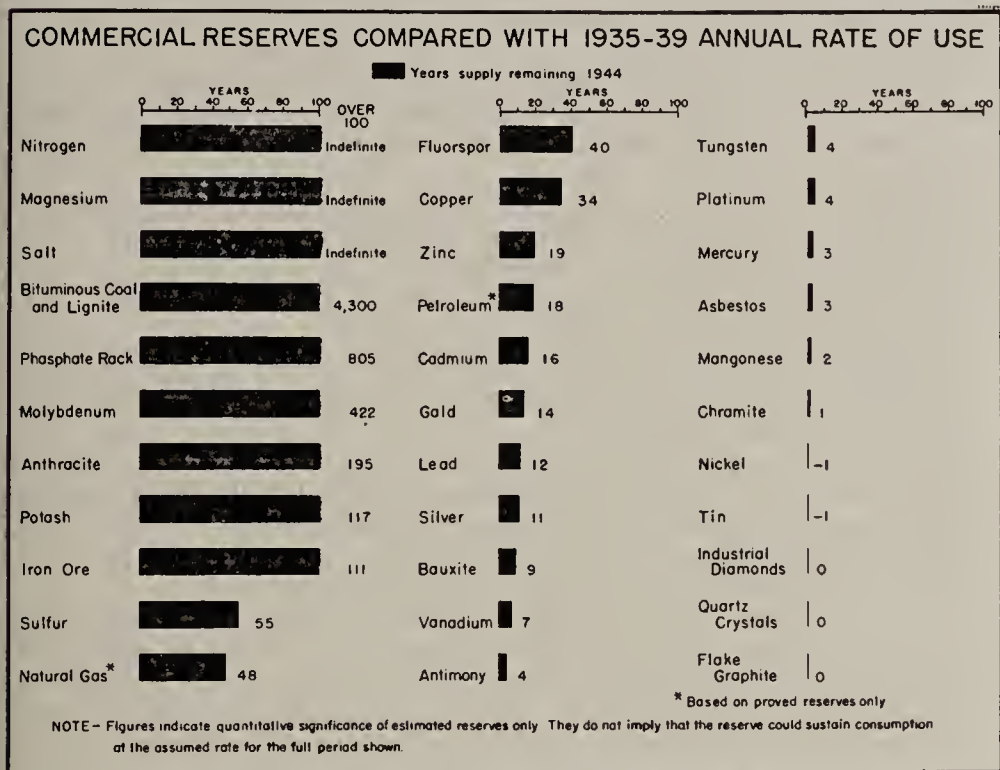


FIGURE 3.—Commercial reserves of certain minerals as of 1944 expressed in terms of years life at average annual rate of consumption, 1935-39.

This chart is a quantitative measure of commercial reserves based on the annual rate of use. I want to emphasize that this is the rate of use and not the rate of production, in the prewar 5-year period.

Here again we find our commodities where exhaustion has not progressed very far, high on the list. We have virtually an indefinite supply of nitrogen, magnesium, and salt. We have 4,300 years supply of bituminous coal and lignite at the rate we used it in 1935-39. We have 805 years supply of commercial phosphate rock. We are dealing here only with commercial reserves. And we have over a century's supply of molybdenum, anthracite, potash, and iron ore.

Coming down to native sulfur, where we have a 55-year supply based on the prewar rate of use, I want to emphasize the fact that the 55 years doesn't mean that we can meet current rates of use for that period of time. As exhaustion progresses, we have less working places

at which we can extract minerals, and consequently the degree of self-sufficiency we can maintain declines as our reserves wane.

In the second column, we find that our reserves in such important things as copper, zinc, lead, bauxite, vanadium, and antimony, are relatively small in terms of national requirements. The estimated commercial reserve of copper, for example, is equivalent to 34 years' supply at the prewar rate of use; lead, 12 years; and antimony, only 4 years.

In the third column we are virtually in a "have-not" position. Our commercial reserves of these minerals, as we can estimate them now, are relatively insignificant in terms of annual requirements; and the last few minerals on that list—manganese, chromite, nickel, tin, industrial diamonds, quartz crystals, and flake graphite—are items that we have very largely imported in the past.

Now, if we were to present a picture based on the wartime rate of use, we would find the situation even worse, because in general we have had a 30 to 50 percent increase in the rate of use during the war.

Senator O'MAHONEY. This chart is based upon a comparison with the annual rate of use in the United States?

Mr. PEHRSON. In the United States.

Senator O'MAHONEY. During this period, 1935-39?

Mr. PEHRSON. That is correct.

Senator O'MAHONEY. If you had a chart indicating the amount of these minerals in the United States as compared with other countries, what would that show?

Mr. PEHRSON. It would show us in a very favorable position with respect to the first half of the group. I think the proven reserves of petroleum in the United States are still the largest in the world, although other areas of the globe will soon give us competition.

Senator O'MAHONEY. You say in a critical position?

Mr. PEHRSON. The commodities shown on the first half of the chart down, say, through petroleum, would show us in a comparatively favorable position so far as the quantitative measure of commercial reserves is concerned. We are certainly outstanding in coal; we are outstanding in iron ore; and I think that our proven reserves of copper rank second to those of some nations, but we still have a relatively high position in commercial reserves.

However I would like to call your attention to the fact that we use minerals at a rate far in excess of any other nation in the world. So the fact that we have a premier position in reserves doesn't indicate that our basic position is as sound as some other areas of the earth.

Senator O'MAHONEY. Some minerals are in very plentiful supply in the United States, and perhaps throughout the world?

Mr. PEHRSON. That is correct.

Senator O'MAHONEY. And some are, I take it, in very short supply?

Mr. PEHRSON. Yes, sir.

Senator O'MAHONEY. Now is there any relationship between those of which the world has a short supply, and this chart showing our commercial reserves?

Mr. PEHRSON. In answer to your question, Senator, I would like to point out that there is much we do not know about our own re-

serves in the United States. These estimates are the best that can be made based on the data that have been collected by the Geological Survey since 1880, and by the Bureau of Mines since 1910; but when we get outside of the United States our knowledge of reserves is much less complete.

Senator O'MAHONEY. Well, it is highly desirable then, is it not, since you say there is much about our domestic reserves of which you are unaware, that we should, as a people, undertake to discover as much as possible about these reserves?

Mr. PEARSON. That is correct, and that is one point in connection with the stock-piling legislation before this committee that I would like to emphasize. Section 8 of the administration's bill provides for the continuation of exploration and research by the Department of the Interior. I think it is extremely important that we continue with that work, and expand it.

Are there any questions on this chart, Mr. Chairman?

Senator O'MAHONEY. Does anybody desire to ask a question?

Mr. LEITH. I might make one comment, Mr. Chairman. Just taking an illustration, iron ore is put down there at 111 years. The heart of our iron-ore production is Lake Superior, the Lake Superior district, right now, the life of which is 35 years, and you can see how much extra low-grade stuff has been thrown in to make up 111 years, mainly from Alabama, 30 percent as against 50 percent in Lake Superior, and we are going to go to a distinctly lower level of supply for our steel industry. We will lose that premium advantage which has put us out into first place. We will go on indefinitely but that 111 years includes a couple of million tons, offhand, approximately, of that very low-grade stuff in Alabama. It does not include what we will ultimately take out of the Lake Superior rock—we call it rock these days—but we know that when we have to we are going to get ore out of there, perhaps it is an extreme statement but it is going to run into many hundreds of years—but at a cost.

I just throw in that comment to show that these over-all figures do not indicate all of the story, because qualitatively in a good many of these places we are going to lose relative rank.

Senator O'MAHONEY. Well, I can't avoid making the statement here that the Bureau of Mines has been exploring the existence of some deposits of iron in Wyoming. I hope they will turn out to be high grade.

Mr. LEITH. So do we.

Mr. PEARSON. I would like to add one more thought to Dr. Leith's comment, and that is that that century of reserves shown on the chart was predicated on ore reserves for which the technology has been proven as of today, and for which the commercial feasibility is anticipated with reasonable safety. This does not in any way deprecate the importance of his point that we are getting down to the bottom of the barrel on the cream of our iron-ore resources, and as a nation we have got to do something about it to make sure that other things are coming along to take its place.

Senator O'MAHONEY. Mica doesn't seem to be listed on your chart.

Mr. PEARSON. We have no very good reserve estimates of mica in the United States; the facts are that with all the pressure we have had on mica production during the war, and with prices several times higher than normal prices, we did little to improve our self-sufficiency

in that commodity. I will point that out a little later on one of the charts.

May we have the next chart, please?

ORDER OF MAGNITUDE OF SUBMARGINAL AND HIGHLY SPECULATIVE RESOURCES

Supply based on average annual rate of consumption from 1935-39

OVER 500 YEARS	100 TO 500 YEARS	25 TO 100 YEARS	5 TO 25 YEARS	LESS THAN 5 YEARS
Iron Ore	Bauxite	Flake Graphite	Asbestos	Antimony
Magnesium	Manganese	Petroleum	Cadmium	Industrial Diamonds
Nitrogen	Molybdenum		Copper	Lead
Phosphate Rock	Vanadium		Chromite	Platinum
Potash			Fluorspar	Quartz Crystals
Salt			Gold	Tin
Sulfur			Mercury	
			Mica (block)	
			Nickel	
			Silver	
			Tungsten	
			Zinc	

NOTE - The availability of these resources is highly speculative or remote because of uncertainties in basic estimates, high costs of recovery, or technologic problems involved in their utilization. They do not include commercial reserves.

FIGURE 4.—Rough quantitative appraisal of submarginal and highly speculative mineral resources in the United States as of 1944

This chart is a rough appraisal of the order of magnitude of submarginal and highly speculative resources. Information of this type is very difficult to obtain and very scarce, and there has to be a considerable amount of judgment used in arriving at estimates of this type. There is no attempt here to be precise.

It is important, however, I think to note that the estimates of our submarginal resources by the experts in the Bureau of Mines and in the Geological Survey do not offer hope of more than a 25 years' supply over and above commercial reserves in such important commodities as copper, chromite, fluorspar, gold, mercury, block mica, nickel, silver, tungsten, and zinc; and less than 5 years for lead, tin, platinum, and industrial diamonds.

In the column at the extreme left of the chart, which shows the resources that represent over 500 years' supply, we find the commodities in which we are in a favorable position as far as commercial reserves are concerned—iron ore, magnesium, nitrogen, phosphate rock, potash, salt, and sulfur.

In the in-between class, the 100 to 500 years' category, we have bauxite, manganese, molybdenum, and vanadium. We are already well supplied with commercial sources of molybdenum, but not with commercial sources of bauxite, manganese, and vanadium, and I think these are three resources that offer some hope for the future. We hope not only to develop methods for utilizing these large submarginal resources in future emergencies, but we hope that out of the research will come processes that might find commercial application—

Senator O'MAHONEY (interposing). Have you taken into consideration the possibility of developing substitutes? I ask that question because of the presence of bauxite there. Now during the war there has been experimental development of alumina clays within the United States, some of which I understand has been rather satisfactory.

Mr. PEHRSON. Our people feel that there are certain off-grade bauxites which will be commercial in the postwar years. I believe the consensus is that as far as clay is concerned the commercial feasibility of its use in the manufacture of aluminum is not yet proven, and is probably some years off.

If there are no questions on this chart we will pass to the last chart.

Mr. LEITH. Isn't that bauxite figure actually big because you are getting over to the clay end? I am surprised to see it run up to 500 years on the basis of low-grade bauxite.

Mr. PEHRSON. I don't know that the bauxite runs to 500 years. I believe that is closer to the 100 years, but it is low-grade bauxite in terms of the high-grade material we were accustomed to using before the war, and which many of us feel we will go back to using after the war.

Senator O'MAHONEY. If that column, instead of being from 100 to 500 years, were from 100 to 300 years, and then there were a column from 300 to 500 years, how would those minerals fall?

Mr. PEHRSON. I don't recall offhand, Senator, but I will be able to supply that information for the record. I will give you a breakdown of that.

Senator O'MAHONEY. I think that would answer Dr. Leith's question. All right, proceed.

(The information requested is as follows:)

One hundred to three hundred years, bauxite, manganese, and vanadium; 300 to 500 years, molybdenum.

Mr. PEHRSON. Chart 5 shows the self-sufficiency of the United States before the war in 33 important industrial minerals. The self-sufficiency is measured by comparing domestic production with do-

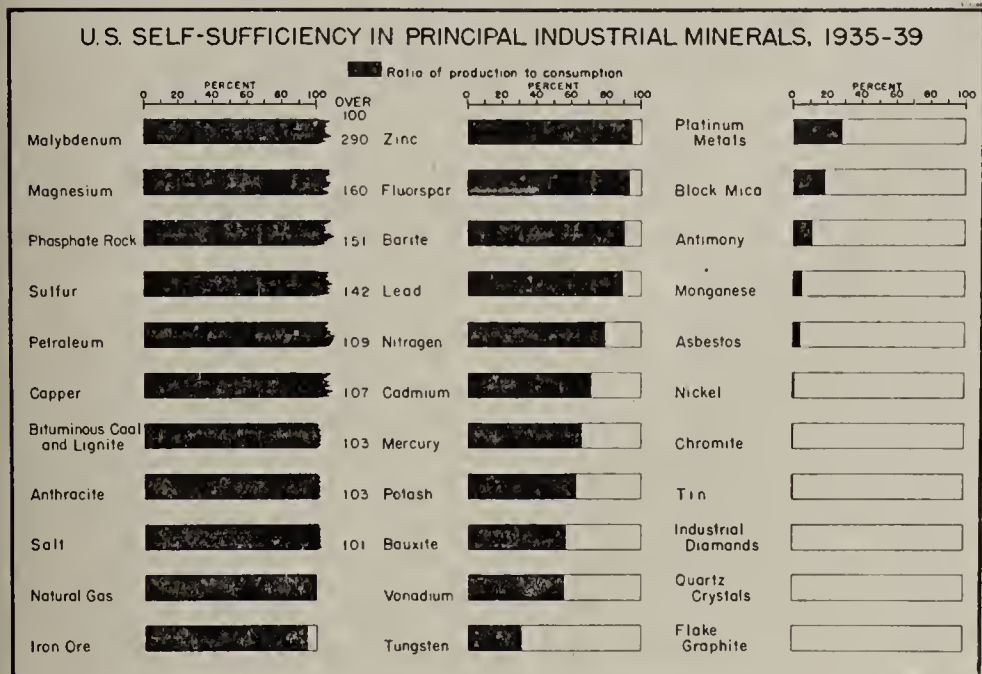


FIGURE 5.—Production of principal industrial minerals in the United States expressed in percentage of domestic consumption, 1935-39. Building materials (stone, cement, lime, etc.) for which the United States is self-sufficient, are not included.

mestic consumption. You will note in the first column on the left, for the first nine commodities, we had an export surplus. In molybdenum, for example, our production was 290 percent of our consumption. We had a large export surplus of magnesium, phosphate rock, and sulphur. Getting down to a more balanced condition were petroleum, copper, and bituminous coal, anthracite and salt. Natural gas, of course, is a commodity that does not enter into international trade to any extent.

We had a large measure of self-sufficiency in iron ore, which is the last commodity in the left-hand column.

In the center column we had a variety of conditions.

In tungsten, for example, which is at the bottom of the list, we imported a large share of our requirements before the war. That is also true of vanadium and bauxite.

Higher on the list we have shown a large measure of self-sufficiency in zinc, and we had a fair measure of self-sufficiency in lead.

In the column on the right-hand side of the chart, we have the "have not" minerals. Those are minerals of which we imported a very large part of our supply from abroad. You will find block mica second from the top of this group, Mr. Chairman.

In the last six commodities listed our domestic production was nil or virtually nil.

Senator O'MAHONEY. Now there are substantial deposits of tin abroad; are there not?

Mr. PEHRSON. We have always felt that tin was one of the commodities that the world might run short of before some of the others.

Senator O'MAHONEY. Is that so?

Mr. PEHRSON. Yes. But the fact remains that the world goes on using tin and increases its use of tin, and there is always a supply to take care of our needs. I would say that for the next 20 years no shortage of tin is anticipated from a world-wide viewpoint, although I would like to have Dr. Bateman check that appraisal.

Senator O'MAHONEY. What is the world's supply of these commodities of which we are short?

Mr. PEHRSON. Well, I am wondering if that question doesn't lead more directly into the story Dr. Bateman is going to give.

Senator O'MAHONEY. Very well. Dr. Bateman, will you be prepared to cover that?

Dr. BATEMAN. Yes.

Mr. PEHRSON. That was our position before the war.

During the war we have improved in one or two commodities, largely due to the fact that we have had severe curtailment of domestic consumption. In others, we have gone downhill.

For example, in zinc, before the war we were 94 percent self-sufficient. During the war we have been 82 percent self-sufficient. In lead our self-sufficiency declined from 89 to 59 percent. In copper we have gone from an export surplus to a 66 percent domestic self-sufficiency. On the other hand, in potash we have increased our self-sufficiency from 62 to over 100 percent; and in mercury, by reason of high war prices, we increased our self-sufficiency from 65 to 102 percent.

From the longer-range view I think we can anticipate within a decade that we will go on an import basis for copper and petroleum.

On copper I think we have a fairly good idea of what our commercial reserve is, and the outlook now is that we will be importing in about a decade. For petroleum, the outlook is more uncertain because of the lack of adequate reserve data.

Senator O'MAHONEY. Well, with respect to petroleum I have no doubt at all that the development of synthetic fuel, particularly from coal and oil shale, will keep the United States free from dependence upon any foreign source of petroleum, and I am wondering whether that wouldn't be true with respect to many other of these short materials. In other words, are the possibilities of scientific development such as to give us reason to believe that we can find substitutes for these materials if necessary?

Mr. PEHRSON. My feeling on that point is that we will not develop substitutes in this country as long as world supplies are available at reasonable prices. I think, for example, that before we use our oil shales and our domestic coal as a source of liquid fuels, we will undoubtedly go through a period of importation, because foreign oil will be available at a substantially lower cost than the synthetic product. Research, of course, may alter that situation.

In these other commodities, however, I don't think there is much chance for substitution. We may find that we can use domestically available clays, and even a low-grade bauxite, in the production of aluminum; but for copper, lead, and zinc, I don't see much chance for developing substitutes, and certainly there are no substitutes, so far at least, for the basic fertilizer materials. Fortunately we are fairly well off with respect to fertilizer materials.

Senator O'MAHONEY. Now the bill which Senator Thomas introduced, and the modification which came up from the Office of War Mobilization and Reconversion, both contain a declaration of policy, which was the policy of the original stock-piling act to "prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency."

There is also the declaration in section 9 of the original bill, which I think is repeated in the substitute bill, "to develop substitutes for such essential ores and mineral products." That is one of the responsibilities to be laid upon the Secretary of the Interior.

Mr. PEHRSON. Yes. We feel very definitely that research should be carried on, but as far as anticipating any basic change in this reserve outlook for some of these commodities, I think the hope is rather remote. But there is an opportunity for research in the use of substitutes in end products. We have seen aluminum replace other metals in a good many applications. Some of us feel that that substitution will go on. But by and large minerals and metals have unique properties which make their use rather imperative for certain specific objectives, and the development of substitutes comes about slowly, and is, of course, prompted primarily by high prices.

Senator O'MAHONEY. When you refer to "commercial deposits" do you have a flexible or a fixed idea in mind?

Mr. PEHRSON. You mean in estimating our reserves?

Senator O'MAHONEY. Yes. You have been testifying about these commercial reserves.

Mr. PEARSON. Yes; and as I said at the beginning of my remarks, we have anticipated, or rather we have set up as criteria for determining commercial reserves, technology that is now proven and production at good prewar prices. That is the basis.

Looking forward to the future we can anticipate an increased dependence on foreign sources of supply for a good many important mineral raw materials, including zinc, lead, mercury, the ferro-alloy elements which Dr. Leith has already pointed out—tin and nickel, extremely important raw materials both in peace and war; and it is this fact alone that in my opinion justifies prompt action on this stock-pile measure.

In the normal course of peacetime business no great harm results from our declining domestic resources—I should say no harm that cannot be overcome—but certainly from the standpoint of national defense, as our dependence on foreign sources of supply increases, the need for stock-piling becomes much greater. We feel, in the Department of the Interior, that this bill is pointing in the right direction and that it should be gotten under way promptly.

The question of stock-piling for national defense is the most important objective of the bill. Another important factor, however, is the need for preventing the dumping of postwar surpluses on markets. Many of us lived through the conditions that resulted from the dumping of war surpluses after World War I, and since the mandatory features of the Surplus Property Act of 1944 expire next January, we feel that it is extremely important to see to it that that provision is continued, which, of course, the present stock-piling bill does.

Now, in addition to stock-piling—speaking again from a strictly national defense viewpoint, we have to have a second line of defense. Experience during the past war and the present war years has indicated that even the experts can guess wrongly. We might set up a stock-pile objective on tin, for example, or perhaps we should say manganese, which we would believe to be adequate to take care of the next emergency. We have, however, no way of assuring ourselves that our judgment would be fully dependable. Therefore, we have to know what we have in this country in the way of submarginal resources, and we also have to know how to use them in case we have to, because our stock-pile preparations do not measure up to the requirements of the emergency. It is for this particular reason that the Department of the Interior emphasizes the importance of section 8 of S. 1481, which is the provision that authorizes the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, to conduct research and exploration.

One other point I would like to comment upon as far as this bill is concerned is section 10, which asks that for the purposes of this act the term "strategic materials" shall not include petroleum or petroleum products. It is the feeling of the people in Washington responsible for the petroleum activities of the Government that petroleum cannot be stock-piled as a national-defense measure. It is therefore primarily a facility problem which more properly might be handled by some other agency of Government. They feel also that in occurrence,

in industry and in Government, petroleum is a mineral separate and distinct from most other minerals, and the petroleum industry is fairly well isolated from other branches of the mineral industry.

During the war the petroleum problem has been handled by the Government in a separate agency. So it would seem to be a subject that calls for separate treatment. If not we are apt to have duplication of effort and possible conflict in functions between existing organizations. Then there are some other factors——

Senator O'MAHONEY (interposing). What other agency could get into conflict about petroleum?

Mr. PEHRSON. Well, some of the points that we might make on that score are, first of all, the research program on the liquid fuels. That has national defense aspects as well as peacetime aspects.

Senator O'MAHONEY. But the stock-piling bill doesn't authorize anybody to manufacture synthetic fuels?

Mr. PEHRSON. The basic philosophy, I think, in dealing with petroleum, is quite different from that which pertains to the nonperishable and solid minerals——

Senator O'MAHONEY (interposing). Well, there can be no doubt about that, but if you undertake to define one mineral which must be excluded, you set a precedent for defining others. Is it not desirable to have a stock-piling policy which will be flexible to meet conditions as they arise in the future?

Mr. PEHRSON. That, I think, is a very potent argument. On the other hand, it is felt that petroleum is such an important factor all by itself, and its whole make-up is so different from the other commodities, that it ought to have separate treatment——

Senator O'MAHONEY (interposing). You are aware that the authority to the Secretary of the Interior to conduct research is the same in Senator Thomas' bill as it is in the new bill?

Mr. PEHRSON. Well, we do have a project going and well established on liquid fuels. Then there is the question of the administration of public lands——

Senator O'MAHONEY (interposing). I mean there is no real difference between the two measures. You referred to section 10 of S. 1481, and it is substantially the same as section 9 of S. 752.

Mr. PEHRSON. Well, the authorizations would be very similar, naturally, but there is a feeling that because of this pending Anglo-American oil treaty, the administration of naval petroleum reserves——

Senator O'MAHONEY (interposing). I was changing the subject, Mr. Pehrson, bringing up the comparative contents of the two bills. But we will go into that later when we hear from Mr. Templeton on the reason why the bill was changed.

Mr. PEHRSON. That about concludes my contribution on this subject. If there are any other questions I would be glad to try to answer them.

Senator O'MAHONEY. Are there any questions? If not, we are extremely grateful to you, Mr. Pehrson, for your presentation.

Mr. PEHRSON. Thank you.

Senator O'MAHONEY. Dr. Bateman, we are ready to hear from you now.

STATEMENT OF DR. ALAN M. BATEMAN, CONSULTANT ON FOREIGN METALS AND MINERALS, RECONSTRUCTION FINANCE CORPORATION

Dr. BATEMAN. My name is Alan M. Bateman. I have been in the mining industry for some 35 years, interested in national and international relations of minerals. I am also professor of mining and geology at Yale University. In December 1941, I came to Washington for the Metals Reserve Company to help stimulate foreign mineral production. In 1942, when that was taken over by the Board of Economic Warfare and its successor agencies, I have since been directing the general foreign metals procurement during the war period. I can speak as an individual because my resignation from the United States Government goes into effect tomorrow night.

Senator O'MAHONEY. You say that with an appearance of some pleasure. [Laughter.]

Dr. BATEMAN. I came here to do a war job and I figure that that is now accomplished.

I gather it is your desire, Mr. Chairman, that I present a general picture of our dependence on foreign sources for metals and minerals during the war, based on our actual experience. So I will confine my remarks to that rather than to the bills, themselves, and as an individual if you wish to ask questions relating to the other I should be glad to answer what I can.

When we first entered the war most people thought that our strategic minerals were about 11 in number. That was our second mistake. Our first mistake was in not having stock piles to start with.

We soon realized, of course, that we also had to acquire vast quantities of those minerals of which we thought we were bountifully supplied—

Senator O'MAHONEY (interposing). I think I ought to insert in the record here that Senator Thomas, who introduced the stock-piling bill, was far ahead of the Government in his realization of the necessity for a stock pile.

Dr. BATEMAN. I think that is true, Mr. Chairman.

Our assumed domestic abundances turned out, of course, to be woefully inadequate to meet our wartime needs, and over three-score minerals finally entered our strategic mineral list. Ores from entirely new sources had to be sought, examined, and developed, and transported to feed the hungry maw of our war machine. As far as minerals such, for example, as tin and mercury and tungsten and others are concerned, they had to be extracted in greatly increased quantities. All of this, of course, involved the costly time lag of obtaining and moving equipment needed to produce these materials to the points of production.

Bulk minerals such as chrome and manganese and copper and lead and zinc reached tonnages that had to be obtained and moved, which rose into the millions. Rare minerals such as tantalite and beryl and radio quartz crystals, had to be found, developed, and procured in quantities that we never before dreamed of. In addition to that, radio and radar and other war uses created demands for many minerals that we formerly used to think of only as museum specimens. All of this had to be done because metals and minerals are, as we all realize,

the basic ingredient of war equipment, of ships and guns and planes and tanks and ammunition.

Now, this type of procedure did, during the war, involve, of course, a very costly lag of time. It meant recruiting and despatching trained engineers and key geologists to wild and inaccessible parts of Africa and Latin America and Asia. It meant the obtaining of essential mining equipment from domestic factories that were, as we all know, sorely pressed to turn out war materials. The factory output, of course, had to be so allocated, since the mining equipment was essential to obtain these fundamental raw products. It meant demands upon sparse manpower in competition with the manufacture of ships and guns and vehicles. It meant the overseas despatch of equipment in vessels that were too few in number and which, with their priceless cargoes, were being sent to the bottom by submarines.

Now those of us who sweated through those hectic days of 1942 and 1943, when shipload after shipload of our mineral cargoes each week was finding a place down at the bottom of the ocean, swore that it seemed almost criminal that our Nation had not been farsighted enough to have had stocks of these strategic materials sufficient for our needs ahead of time.

I am speaking now of back in the times when we were busily engaged in it, and these represented the pungent thoughts that seared our brains while our memories were still vivid with our frantic efforts to obtain these needed foreign war materials. We were impressed, then, with what a saving in money stock piles would have meant, what a saving in factory capacity and of manpower that could have been diverted more directly into the war effort.

As one of my staff, Mr. Warner, mentioned this morning, "Stock piles mean something more than mere stock piles of minerals; they mean a concentrated and canned manpower, and a concentrated and canned transportation, obtained ahead of time."

Now in the midst of the stress of war we also had to plan to develop foreign sources of production as contingency reserves, considerably in excess of the current requirements, because shipping lines might have been and were cut off. Our changing war fronts, would, of course, alter the back-track of empty bottoms.

For example, when Indian and African manganese shipments—manganese being among our most vital requirements—were imperiled by the Japanese advance into the Pacific, and by an excess of submarines around the Cape of Good Hope, we had to develop a contingency manganese stock pile in Cuba—all under the stress of war.

It meant building a stock-pile site there, it meant building roads, it meant opening new mines. But that Cuban stock pile of manganese certainly served us well. It saved lengthy voyages and gave us nearly a half year's consumption from deposits that had produced very little before. And practically every ton of it reached our ports.

Now one might ask, "Would not that stock pile that we had to develop in Cuba have been less costly and more effective had it been on our shores before the war started?"

Now let's see what some of our figures show regarding our dependence upon foreign sources of metals and minerals. First I will make some general remarks and then submit some specific figures. I am not going to bore you with the figures. I will put them into the record, but will show some charts that will perhaps illustrate it.

(The tabulations referred to are as follows:)

Foreign and domestic production, critical minerals, 1942-44

	1942	1943	1944	Total
Antimony (short tons):				
Domestic				
Foreign	4,301	4,963	4,719	13,983
Percent foreign	22,107	29,803	16,529	68,439
Asbestos (short tons):	83.8	85.6	77.8	83.2
Domestic	0	0	0	0
Foreign	48,475	63,891	41,423	153,789
Percent foreign	100	100	100	100
Beryl (short tons):				
Domestic	269	356	388	1,013
Foreign	2,050	4,840	3,115	10,005
Percent foreign	88.4	93.3	89	90.6
Chromium ores and concentrates (short tons):				
Domestic	101,000	143,000	40,000	284,000
Foreign	875,000	829,000	700,500	2,404,000
Percent foreign	89.6	85.4	94.6	89.6
Cobalt (pounds): ¹				
Domestic	735,000	732,000	828,000	2,295,000
Foreign	4,368,000	5,636,000	3,798,000	13,802,000
Percent foreign	85.6	88.4	82.3	85.6
Copper (short tons): ²				
Domestic	1,081,000	1,123,000	1,039,000	3,243,000
Foreign	646,000	616,000	700,000	1,960,000
Percent foreign	37.4	35.4	40.3	37.6
Corundum ores (pounds):				
Domestic	0	0	0	0
Foreign	10,198,000	12,320,000	12,824,000	35,342,000
Percent foreign	100	100	100	100
Diamonds (carats):				
Domestic	0	0	0	0
Foreign	11,481,000	12,921,000	13,559,000	37,961,000
Percent foreign	100	100	100	100
Graphite (short tons):				
Domestic	0	0	0	0
Foreign	6,719	4,138	5,182	16,039
Percent foreign	100	100	100	100
Lead (short tons): ³				
Domestic	540,000	419,100	396,600	1,355,700
Foreign	434,000	318,600	319,700	1,072,300
Percent foreign	44.6	43.2	44.7	44.2
Manganese (long tons): ⁴				
Domestic	173,000	205,000	217,000	595,000
Foreign	1,186,000	1,481,000	1,250,000	3,495,000
Percent foreign	87.4	86.2	82.6	85.5
Mercury (flasks of 76 pounds):				
Domestic	51,100	53,300	37,819	141,700
Foreign	39,971	48,006	19,819	107,793
Percent foreign	43.9	47.4	34.7	43.2
Mica (pounds):				
Domestic	⁵ 93,000	179,300	149,600	421,900
Foreign	⁶ 919,000	1,012,300	1,130,300	3,061,600
Percent foreign	⁷ 92.0	85	88.4	88
Nickel (pounds):				
Domestic	0	0	0	0
Foreign	192,269,000	208,432,000	195,900,000	596,601,000
Percent foreign	100	100	100	100
Quartz (pounds):				
Domestic	(⁸)	7,466	3,934	11,400
Foreign	(⁹)	1,867,137	1,657,087	3,524,224
Percent foreign	(¹⁰)	99+	99+	99+
Tantalum ores (pounds):				
Domestic	200	9,411	7,204	16,815
Foreign	567,494	643,080	842,324	2,054,704
Percent foreign	99.9	98.6	99	99
Tin (long tons):				
Domestic	6	8	1	15
Foreign	55,854	37,805	49,889	143,548
Percent foreign	100	100	100	100
Tungsten (pounds):				
Domestic	9,041,000	11,463,000	11,000,000	31,504,000
Foreign	12,684,000	18,581,000	21,725,000	49,465,000
Percent foreign	58.4	61.8	62.2	61.1
Vanadium (pounds):				
Domestic	3,329,000	4,190,000	2,168,000	9,687,000
Foreign	1,932,000	1,588,000	1,126,000	4,646,000
Percent foreign	36.7	27.5	34.2	32.4
Zinc (short tons): ⁸				
Domestic	768,000	744,200	712,700	2,224,900
Foreign	349,500	514,400	422,800	1,286,700
Percent foreign	31.3	40.9	37.3	36.7

¹ Containing cobalt.² New primary.³ C. R. M. B. figures.⁴ 35 percent and over-all grades.⁵ April to December, inclusive.⁶ Not available.⁷ November-December estimated.⁸ Recoverable metal in ores and concentrates.

Chief foreign sources

Antimony: Mexico, Bolivia, Peru.	Manganese: India, Africa, Cuba, Brazil.
Asbestos: Rhodesia, South Africa.	
Beryl: Brazil, India.	Mercury: Mexico, Canada.
Chromium: South Africa, Turkey, Cuba, New Caledonia.	Mica: Brazil, India.
Cobalt: Belgian Congo.	Nickel: Canada, New Caledonia.
Copper: Chile, Belgian Congo, Canada.	Quartz: Brazil.
Carundum: South Africa.	Tantalum: Brazil, Belgian Congo, Nigeria.
Diamonds: Belgian Congo, Brazil, Angola.	Tin: Bolivia, Belgian Congo, Nigeria.
Graphite: Madagascar, Ceylon.	Tungsten: China, Bolivia, Brazil.
Lead: Mexico, Peru, Australia, Canada.	Vanadium: Peru.
	Zinc: Mexico, Peru, Australia, Canada.

Dr. BATEMAN. For a period our Government and private purchases of metals and minerals from foreign sources ran at a rate of around two-thirds of a billion dollars annually. Because of the uncertain shipping and high shipping costs and other contingencies of war that cropped up, the greater part of those imports was by Government purchase. That was necessitated, of course, by those conditions. We did try, where duties and where shipping conditions would permit, or where shipping costs would permit, to maintain as much of the flow of foreign minerals into the United States in private hands as possible.

Our metals and minerals for this war purpose came from some 53 different countries, including Canada, 11 Latin-American countries, Australia, New Caledonia, China, India, Turkey, Spain, Portugal, Madagascar, and 14 African countries. In the main our copper has come from Chile, Peru, Canada, the Belgian Congo, and Rhodesia. When I speak of minerals now I am referring to the foreign ones, because that is what I understood you wished me to deal with.

Our lead came from Mexico and from Peru, Australia, and Canada; our zinc from Mexico, Australia, Peru, Bolivia, and Canada; our manganese from India, South Africa, West Africa, Russia, and Brazil. These are the main sources. In addition to these there were a great many sources on which we had to draw for our materials. Our chrome came from Rhodesia, Sierra Leone, South Africa, Turkey, Russia, and New Caledonia.

Now, these are all big tonnage items and you will note that they involve lengthy and costly sea voyages, and, of course, hazardous ones during the war period. The travel patterns of these shipping routes covered practically the world shipping lanes.

In addition to that, many materials were so urgently needed, and their cargoes were so scarce and so precious, that they had to be flown here rather than risk the time element and the hazards of shipping. For example, we had to fly and did fly mica in from India and Brazil and Africa; quartz from Brazil; tin and tungsten from China and India; talc from India; beryl from Brazil and India and the Argentine; tantalite from the Belgian Congo, Brazil, and Australia. Of course, both with respect to ships and airplanes, we availed ourselves of returning empty space in all cases.

Now, the list of metals and minerals that we had to import for war purposes during the war exceeded at the very maximum 65 in number, 65 varieties, and of these 27 were obtained exclusively from abroad.

It is a rather striking thing, which I hadn't fully realized until yesterday, that some quantity of every metal and mineral that was used for the war purposes in the United States had to be imported. In other words, there was not a single metal or mineral outside of coal and salt and the top ones on Mr. Pehrson's list, of which the United States had sufficient amounts. Consequently the word "strategic" of course came to have only relative significance.

Senator O'MAHONEY. What was the reason for that, Dr. Bateman?

Dr. BATEMAN. It just meant this, that the demands for minerals became so great that our domestic supplies could not handle the demands, and also our manpower was so short that in many cases, to save manpower, where we couldn't get enough domestically, we had to turn to foreign sources to find them and bring them in to keep the war machines going.

Senator O'MAHONEY. It does not, then, reflect any lack of sufficient supplies in the United States, but merely a lack of organization and manpower to produce them at the time and in the quantity needed?

Dr. BATEMAN. I would say, Senator, for the most part it reflects lack of sufficient supplies to meet a war emergency.

Senator O'MAHONEY. Now with respect to the 27 which had to be imported, what are the possibilities of finding those, or any of them, within the United States—or do you know?

Dr. BATEMAN. Of those 27 the experience of the past in searching for them has not yet revealed them in quantities that would be at all appreciable.

Senator O'MAHONEY. Well, the same considerations that prompt us to acquire a stock pile of these minerals, from whatever source they come, would also prompt us vigorously to pursue the search for these minerals, or of substitutes, within the United States?

Dr. BATEMAN. I am in thorough agreement.

Since 1942, up to August 15 of this year, we have imported approximately over \$2,000,000,000 worth of metals and minerals. The quantities of the three chief base metals alone; that is, copper, lead, and zinc, exceed 5½ million tons and cost something like 1.1 billion dollars; and our imports of copper alone during this same period were approximately 3,000,000 tons.

Now for the purpose of some more specific figures, which I said I wouldn't bore you with—I will submit those for the record¹—but we have prepared a series of charts of the more important war minerals that show the relative proportions, and Mr. Wilson will show some of them. I will pass through them rather quickly because you can read as well as I can tell you what they say.

I have chosen 3 war years so they are complete years, namely, 1942, 1943, and 1944. I might point out that in the first half of 1945 some of the imports, copper, for example, were at a much higher rate than in 1944. In these particular charts the orange represents foreign imports, the green, the domestic production, the figures represent the amount imported in those years, and the percentage figures following after the other figures represent the total proportion of requirements that was supplied on the basis of the new supply coming from these materials. The chief sources are given at the bottom. I

¹ See tabulation, p. 30.

will ask Mr. Wilson to run over these very briefly and give you a picture of some of them.

Some of them you see are entirely in orange, as in the critical grades of asbestos.

Others are mottled orange and green, the orange in each case being the amount that we had to depend on for importation.

Mr. BORCHARD. Are those figures in tons?

Dr. BATEMAN. Short tons. The sources are shown in each case. I will make copies of these charts available for the record. I presume you don't want to stop and read each of the individual figures.

Senator O'MAHONEY. That will appear in the record.

(There followed a display of charts covering various minerals and metals.)

Dr. BATEMAN. I think the significance of these figures is apparent. Our war industry did depend upon these supplies. I am very glad to record that during the war no objective, to my knowledge, suffered from a lack of these strategic materials that we had to import, but there were times when our stocks, of course, were running dangerously low and we had to scramble feverishly to get supplies in to meet the needs. That was particularly true during the time when we faced those sickening losses by submarine action.

Mostly, however, our wartime planning had to be done long in advance to allow for development and extraction and processing and long sea voyages, which were usually involved; and if we could have had a 2-year start there would have been saved, of course, the costly diversion of urgently needed and scarce shipping, and factory output, and manpower, as well as a great monetary saving.

Tin, of course, is an example of how a prewar stock pile could serve. There was a material where the supplies that we could bring in were much less than the war requirements, and we had to draw down on that stockpile. Had it not been there we would have faced a much more difficult time.

Now if any lesson has been learned by those of us who have been intensively involved in this foreign minerals procurement program during the last 4 years, it is, first, that prewar stock piles would have been vastly more effective and less costly than wartime procurement and transportation; second, that long shipping voyages would have been saved at a time when ships were scarce and when they were urgently needed elsewhere—also there would have been saved much war wastage that took place by the sinking of ships and their mineral cargoes and equipment; third, scarce manpower and materials that had to be allocated to the manufacture of mining equipment and supplies would have been saved at a time when those materials were needed for direct war effort; fourth, the hazards and chances of supply lines necessitated by having to rely upon foreign sources which were often close to the war zone, too many times too dangerously close to the war zone, would have been eliminated had we had more adequate prewar stock piles.

Now I spoke, Mr. Chairman, along the general lines to give some of the background, and for the record I will also submit some tables giving figures of our dependence upon foreign materials in actual tonnage that we had to buy and import for the war purposes.

Senator O'MAHONEY. It is obvious from all of this that war destroys our minerals just as it destroys everything else that goes into it.

Dr. BATEMAN. Those of us who were involved in the procurement have a full realization of what a hungry maw the war industry is during a period of war, and of the difficulties of obtaining these materials, and their cost in effort and manpower and time during the stress of war itself. I think that is one of the lessons that perhaps those who have been associated together in this—and I see many around this room who worked together during this period—have all come to realize.

Senator O'MAHONEY. For the normal domestic consumption what would you say of American supplies?

Dr. BATEMAN. For the normal domestic consumption. We have to refer to Mr. Pehrson's charts, and they showed very clearly that for a large number of the minerals we just haven't got sufficient for normal domestic consumption; and I think we have got to face the fact also that in the future we have got to turn, for almost the first time, and become importers, as Mr. Pehrson mentioned, of lead and zinc and copper for peacetime needs.

Senator O'MAHONEY. What are the prospects of developing our economy in such a manner as to bring about an increased demand in peace for minerals?

Dr. BATEMAN. That, of course, is a changing thing, with technologic advances. We have seen, during this war, certain changes that have been brought in, and an increased use for, minerals. That would be particularly true in the new field of electronics, and I think we will find a very considerably increased use for certain materials in the future as compared to what we witnessed before the war.

Senator O'MAHONEY. Now, with respect to those minerals, what is the position of the United States as compared with the rest of the world?

Dr. BATEMAN. We have practically none.

Senator O'MAHONEY. Then you are telling the committee that so far as the new science of electronics is concerned we must depend on outside sources for our minerals?

Dr. BATEMAN. Unless we can develop substitutes or find deposits that we do not know of today, we must depend on outside sources.

Senator O'MAHONEY. What are those materials required for the development of electronics?

Dr. BATEMAN. Among those are such as the strategic grades of mica, tantalite, beryl, radio grade talc, that is the block that makes the settings for radio tubes and radar tubes—those are among the most important ones. Oh, yes, quartz crystals—I omitted perhaps one of the very important ones.

Senator O'MAHONEY. What is that?

Dr. BATEMAN. Quartz crystals.

Senator O'MAHONEY. Now with respect to all of those, we are in short supply?

Dr. BATEMAN. We are in short supply, yes; as indicated very graphically by those charts.

Senator O'MAHONEY. With respect to any other modern scientific development, what is our status with respect to supplies of materials that would be required?

Dr. BATEMAN. One would, of course, have to be more specific with respect to the individual minerals. In general I am in thorough agreement with Mr. Pehrson's presentation showing the cutting down of our domestic reserves, the depletion of our domestic reserves, that has taken place by the heavy wartime draw upon mineral resources. That has gone on in connection with some of the less common ones also, and I think that as to a great many we will have to greatly increase, for peacetime consumption, that strategic list which we used to think of as being a short list before the war, when we patted ourselves on the back and were very complacent as to the amounts of materials that we were endowed with.

Senator O'MAHONEY. As we enter the atomic era, to what extent can we, in your opinion, depend upon the hope of developing these materials by atomic change?

Dr. BATEMAN. Well, I think, with the exception of those minerals that are relatively unstable and radioactive, there would be a long, long period of development before transmutation of the elements might take place in the more common ones.

Senator O'MAHONEY. So we are still dependent upon stock piles?

Dr. BATEMAN. I would say that we are still dependent on the old materials that we have learned to know, and which served their uses in the war, and which we have learned that we had to have dependence upon.

Senator O'MAHONEY. Are there any questions?

Mr. LEITH. Would you, Mr. Bateman, be willing to hazard a guess as to the increase in actual money cost of the amount of material you have handled during the war, as compared to what we might have done if we had bought that in the twenties?

Dr. BATEMAN. It is pretty hard to say over the whole range, which is over \$2,000,000,000 worth, but I would say it would be between 2 to 1 and 3 to 1 as the increased cost occasioned by the war. A part of that, we must figure, isn't the raw material cost. I would like to say that in the majority of our large bulk foreign materials that we brought in, we brought them in at or below the United States ceiling price, and not at premium prices. Part of the large cost, of course, was due to the very high cost of shipping, the high cost of transportation.

Senator O'MAHONEY. What do you estimate would be the cost of a program such as you recommend?

Dr. BATEMAN. I wouldn't like to make an off-hand statement of that without giving it very careful consideration, Mr. Chairman.

Senator O'MAHONEY. Has anybody done that? Mr. Templeton, has the Bureau of the Budget made any estimate?

Mr. TEMPLETON. I believe not, sir.

Senator O'MAHONEY. Commodore Strauss?

Commodore STRAUSS. We have made an estimate. Senator O'Mahoney, of the probable cost, based on current prices of those items and those quantities which were reported to the Congress by the Army and Navy Munitions Board in its list of critical and strategic mate-

rials, last January. That figure is available. I don't happen to remember it but I would be glad to submit it for the record.

Senator O'MAHONEY. Thank you, Commodore. Colonel, do you have anything in mind?

Colonel HUTCHINSON. No, sir.

Mr. PEHRSON. I could offer a preliminary contribution. The estimated cost of the maximum stock pile recommended is on the order of \$4,000,000,000, 92 percent of which would be made up of minerals.

Senator O'MAHONEY. Over what period?

Mr. PEHRSON. That is the estimated cost of our ultimate stock-pile objectives for adequate preparedness.

Dr. BATEMAN. That was the maximum?

Mr. PEHRSON. That was for the maximum; yes.

Senator O'MAHONEY. That is the over-all cost?

Mr. PEHRSON. Yes, sir.

Senator O'MAHONEY. What would be the annual cost?

Mr. PEHRSON. That would, of course, depend upon the speed. Most of us feel that we are not going to be able to do much procurement in the reconversion period because the demand for minerals is going to be very high and it would be unfair to impose an added burden on the market by Government procurement. I would say that it would be desirable to get the stock-pile objectives built up as rapidly as possible, and certainly I don't think anybody conceives that that objective could be attained in less than 10 years, and on some commodities probably considerably longer.

Senator O'MAHONEY. Very well.

Dr. BATEMAN. For the purpose of any study of these charts that may be made, I wish to point out that three factors have to be kept in mind in studying them:

(1) That the materials brought in here, or the proportions shown on which we rely from foreign sources, in many cases were actually greater than shown on the charts for the reason that the domestic production in certain cases was of low-grade material, as a contingency reserve, and was not used. In chrome, for example, we show that we relied on a foreign supply of 89.6 percent, and the remainder from domestic sources. Now it is true that that is the actual figure for domestic sources, but the domestic sources were of a low-grade material that could not be used except at very low efficiency of the furnaces and retarding our war output. Consequently the amount of use was greater in the foreign.

(2) That on those particular charts that the prices were at or below our domestic ceiling prices. For example, where the average price of domestic lead is above 8 cents a pound, the lead of foreign derivation was brought in at or mostly below, the ceiling price of 6¼ cents, and practically none exceeded that ceiling price. That also applies to zinc and chrome and manganese.

(3) The domestic proportion distorts the picture a little bit because the domestic proportion in many cases was produced at premium prices.

Senator O'MAHONEY. Thank you very much.

(Discussion off the record.)

Senator O'MAHONEY. Commodore Strauss, will you proceed?

**STATEMENT OF COMMODORE LEWIS L. STRAUSS, UNITED STATES
NAVAL RESERVE, SPECIAL ASSISTANT TO THE SECRETARY OF
THE NAVY**

Commodore STRAUSS. For a number of years the Navy Department has been interested in a program for the stock-piling of strategic materials. The reasons, briefly stated, are as follows:

The United States does not have a sufficient supply of many of the raw materials to enable it to conduct a major war. Some, as has been stated, we do not produce at all. We must obtain these raw materials from other parts of the world.

After a war has begun—and it is now conceded that the next war, if we have one, is likely to come suddenly with no advance warning—it may be too late to acquire these materials from other countries. We may be denied access to the principal world sources of many strategic materials, and we can well remember how, in early 1942, when the Japanese had cut our sea communications to the Far East, we were denied access to our principal sources of supply for tin, rubber, manila fiber, quinine, and other necessary commodities.

While the Far East was completely shut off, other areas became inaccessible to varying degrees as the result of enemy action.

Shipping routed to India, the east and west coasts of Africa, and South America, suffered costly losses, and the Mediterranean was practically closed to traffic.

In the winter of 1942-43, for example, substantial tonnages of bauxite from the Guineas, then critical in our airplane program, were lost due to enemy submarine action. Such quantities of strategic materials as we did successfully import from those areas which were not completely cut off, were imported at considerable cost to the war effort. Combat vessels needed elsewhere had to be assigned to protect this shipping. Ships, which were needed for the transport of personnel and supplies required by the armed forces, had to be diverted from that use and their destruction risked.

Furthermore, a substantial tonnage of heavy materials had to be flown from China, Africa, India, and South America at great cost and uneconomic use of fuel, trained personnel, and airplanes.

These desperate efforts did not save us from many delays and setbacks in our production program caused by the shortages of needed strategic materials.

The lesson to be learned is, obviously, that we cannot afford to gamble with our security on the chance that in another national emergency we could again be so fortunate.

It is our confirmed belief that one of the essential elements of national defense is the maintenance of really adequate stock piles of those strategic materials needed to supply the military, industrial, and essential civilian requirements of a country such as ours, conducting a major war. We think it is the safest investment of the public wealth and manpower. It is of the utmost importance that the stock pile be kept in a current status so as to supply those materials needed to produce the weapons and essential civilian items resulting from research and development.

The Navy believes, therefore, that S. 1481 is constructive legislation to this end.

Thank you, sir.

Senator O'MAHONEY. Thank you, Commodore.

Colonel HUTCHINSON.

STATEMENT OF COL. WILLIAM H. HUTCHINSON, UNITED STATES ARMY, ARMY EXECUTIVE SECRETARY, ARMY AND NAVY MUNITIONS BOARD

Colonel HUTCHINSON. Mr. Chairman: for years the War Department has been interested in a program for the stock-piling of strategic materials. Since 1921 it has made, in conjunction with the Navy Department, continuing studies for the development of such program. Accordingly, it has recommended and supported appropriate legislation at every opportunity.

While the United States has a wealth of natural resources, the Nation's experiences of the past several years have established that it is far from self-sufficient in having available the variety of raw materials necessary to the conduct of a major war, including the maintenance of essential civilian supply.

Materials not found in this country, and materials in which it is deficient, must be imported. One of the compelling reasons for stock-piling lies in the fact that at the outset of war we are likely, by reason of enemy operations, to be denied access to the principal world sources of many strategic materials. The only purpose of a national defense stock pile is to anticipate and provide the necessary requirements of a war economy, including essential civilian and military needs. To that end it is not only desirable, but necessary, that the list of strategic materials and recommended quantities be reviewed continuously and changed where indicated in order to keep both the list and the quantities current in the light of future developments.

In view of the substantial depletion of domestic resources during this war, it is believed that in the interest of the attainment of stock-pile security, statutory domestic preference requirements allowing a year for deliveries from domestic production, and the preference for domestic materials, as provided in the act of June 7, 1939, and the "Buy American" Act, respectively, must be relaxed.

Obviously it is necessary from time to time to revise the composition of a permanent stock pile in order to remain currently abreast of technical developments and changing supply and strategic factors.

It is imperative, therefore, that materials should be permitted to be disposed of from the stock pile to conform to revised determinations of what should be maintained in the stock piles in the interest of national defense. In order to permit a defense program to be initiated by the President prior to the actual existence of a state of war, or national emergency, the President should be authorized to release materials from the stock pile at any time when, in his judgment, such release is in the interest of national defense.

In the light of these factors the War Department is of the opinion that Senate bill 1481 is the more appropriate and effective legislation to accomplish the basic purposes of national defense stock piles.

Senator O'MAHONEY. Are there any questions? If not, thank you very much.

We appreciate the presentations made by Dr. Leith, Mr. Pehrson and Dr. Bateman, as well as by the representatives of the Armed Services.

The committee will now recess until 1:30 o'clock this afternoon.

(Whereupon, at 12:40 p. m., the committee recessed until 1:30 p. m. of the same day).

AFTERNOON SESSION

Senator O'MAHONEY. Mr. Stein, will you proceed?

STATEMENT OF HAROLD STEIN, PLANNING ADVISOR, OFFICE OF WAR MOBILIZATION AND RECONVERSION

Mr. STEIN. I have a statement, Senator, from Mr. Snyder. He greatly regrets that he was unable to come in person. If you would like, I will read his statement for him.

Senator O'MAHONEY. If you please.

Mr. STEIN. The statement of John W. Snyder, Director of War Mobilization and Reconversion, reads as follows:

The detailed provisions of this bill will be explained by representatives of a number of agencies. My own comments will be confined to the general thinking underlying these provisions.

Above all else, we believe that so long as there is any possibility that we may be forced again to face the great calamity of war, the United States should establish stock piles of strategic materials to help preserve our national interests. I can only express the hope that the stock pile is never used. But until national defense measures become unnecessary, stockpiling must be maintained as an essential guarantee of our security. I do not need to remind you of the straits to which we would have been reduced if we had entered this war with no stock pile of tin or of rubber.

To obtain maximum benefits from a strategic stock pile, certain general policies must be observed.

First, the stock pile must be continually reassessed. Strategic materials may become as obsolete as the weapons into which they were intended to be converted. A stock pile of obsolete materials is as damaging in its implications as a great store of 1918 machine guns. We must not fall into the error of stockpiling materials for the last war. The strategic stock pile must at any time reflect the furthest advance of science.

If the stock pile is to change in character with changes in science, then those who control it must have the power to alter its composition by additions and subtractions. A stock pile of obsolete materials would provide a temptation and excuse for out-of-date thinking about problems of national defense. In the age we are now entering, nothing could be more fatal. Our stock-piling policy must, like our whole approach to the problem of national defense, be flexible and dynamic.

Second—the stock-pile goals must be fixed independently of jurisdictional interests, interagency disagreements, and local pressure. During the war we found it necessary to create the War Production Board—a civilian agency—to fix requirements, issue basic purchase directions, and allocate materials. Experience has shown the wisdom of this procedure; I am convinced that a similar procedure can be used to good advantage in this essentially similar undertaking. If the Congress adopts this approach, the responsibility of determining stock-pile goals must be vested in the President, as the various war powers have been vested in him. If an industrial mobilization agency is established, these powers can be delegated to that agency. In the meantime, the President would see to it that the same general sort of procedures were utilized in the service of the national—rather than any special—interest. The stock-pile goals must be set with national defense as the sole objective.

Third—stock-piling procurement policy must be determined on the basis of the national interest. We do not increase our reserves of strategic materials or contribute greatly to our security, by removing ores from a hole in the ground and placing them on top of the ground—within the United States. By and large, although there may be certain technical exceptions, we can increase the

supplies of strategic materials available to the United States only by bringing in such supplies from some other continent. With strategic limits our year to year buying should be adjusted to fit in with our basic domestic and foreign policies. These considerations indicate the necessity for an independent agency free of connections with any special group or interest. When an industrial mobilization agency is established, this function, like the function of establishing stock-pile goals, can be assigned there.

I took on stock-pile legislation as a sobering responsibility. It is no panacea for preparedness or security, but it is essential for both. It cannot do what it must do and also be the servant of special interests. It must be limited in its scope and specifically adapted to a specialized function. I believe that S. 1481 fulfills those requirements.

Senator O'MAHONEY. In the view of the Office of War Mobilization and Reconversion, what is the distinction between the bill introduced by the chairman of the Military Affairs Committee and the bill which was sent up here? Do you care to discuss that, or shall we leave that to the Bureau of the Budget?

Mr. STEIN. I think it might be more convenient to you, Senator, if the Bureau of the Budget explained, and if you wish to ask me for additional comments, I will be glad to give them, whichever way you wish.

Senator O'MAHONEY. Director Smith stated to me in a letter that he would be very glad to testify on the administration aspects of the new bill. There probably is another aspect.

Mr. STEIN. There are some others. Perhaps, I could make a few comments at this point. I would be glad to.

Senator O'MAHONEY. My understanding is that a meeting was held at the Office of War Mobilization and Reconversion of the various agencies interested, and there, if I may say so, consideration was given to the legislative feature. Out of that came the new bill.

Mr. STEIN. I can give you the whole history of that if you would like, Senator.

Another aspect that distinguishes the two bills is the release provisions, which are somewhat different. It was the feeling of the Director of War Mobilization and Reconversion that there is inevitably a psychological back reaction, if I can put it that way, on people responsible for national defense if the stock pile is frozen with great rigidity. In other words, while the stock pile should not be in any sense a device for manipulating the market or buying materials and selling them again, if the people who control it feel it is virtually impossible to ever get anything out, you are very apt to have the tendency in which preparations for defense are posited on things that happen to be in the stock pile rather than what they have learned to be more ideal for the purposes.

It has also been the experience of some Government agencies, I think, that the difficulty of obtaining appropriations is enhanced if there is a very large value of materials in the stock pile, some of which are in fact no longer of use, or of use to the extent for which they were originally planned. That was the general idea back of this change.

I do not think actually that the language in S. 1481 provides for anything which would allow free and easy manipulation or disposal. It provides for full publicity and was intended to be a deterrent on hasty action and was intended to imply that the revision in the goals would be made when necessary and if necessary only after careful reflection and with due regard for the public interest.

I think those are two features of the bill that differ.

Senator O'MAHONEY. I think it is very important. It is just another aspect of the transfer of the legislative function from the legislative arm of the Government to the executive.

Mr. STEIN. I think, sir, it was thought of rather as recommendations which the legislative branch of the Government might be interested in looking at. We hoped they would be interested. Their action thereon is entirely within their own province.

Perhaps I should say a word or two on some of the features aside from the administrative structure implied. In the first place, to take one element of distinction, the S. 1481 lacks a "buy-American" provision. The thinking back of that was alluded to in this statement I have just read from Mr. Snyder and rests primarily on our understanding from the experts in the field that as we approached the depletion of our own reserves, it is highly desirable to augment them with materials brought in from abroad.

In a number of cases that is the only way they can be brought in. In other cases, it would seem extremely useful to build up our remaining supplies, rather than to merely transfer them from inside the mine to outside the mine. That is one aspect.

Senator O'MAHONEY. I observe that the following provision which is contained in the first section of Senator Thomas' bill is omitted entirely from the substitute bill which we have received from the Bureau of the Budget. It appears on lines 1 and 2 of page 2 of S. 752:

To encourage the conservation and development of sources of these materials in the United States.

Was the omission of that clause intentional or inadvertent?

Mr. STEIN. I think I would like to ask one of my colleagues about that. My offhand guess is that that ties in directly with section 8 of S. 1481, which is the exploration and development section, and therefore would be pertinent here also.

I think it is proper to say that the omission is inadvertent, Senator, and I do not think there would be objection to adding it.

Senator O'MAHONEY. In other words, then, speaking for the Office of War Mobilization and Reconversion, you recognize that it is an important objective to develop sources of all of these materials within the United States?

Mr. STEIN. Yes; we do recognize that, and I think our recognition is evidenced by the fact that we are heartily in favor of section 8, which provides an actual means of implementing that work.

Senator O'MAHONEY. Of course, that section is also in 752.

Mr. STEIN. Yes; it is.

Senator O'MAHONEY. Now, with respect to the Board and the control, would you care to make any comment on that?

Mr. STEIN. I think, with respect to the Board, its composition and so on, those are the points on which the Bureau of the Budget could speak perhaps in more detail than I could. It is more directly in line with their interests.

Senator O'MAHONEY. Then, you think you have referred to all the substantive features?

Mr. STEIN. I would like to add one other small point, if I may. In further discussions of these bills with members of the staffs of in-

terested agencies, there is just this one point which was raised quite recently, which had not been raised before in our discussions. It had not yet been considered as a policy matter, and there is no formal recommendation before you. I thought, however, you might be interested in noting it.

The matter that was raised in that way was in the question of whether or not the materials imported from abroad under this legislation should be imported duty free. I think it was rather the unanimous feeling of the staff members of these agencies that there should be an appropriate provision in this legislation permitting these materials to be brought in by the United States Government for its own stock piles duty free.

At the present time, with the expiration of the war powers of the President, the only agency that apparently has the power to do that is the Navy Department.

Senator O'MAHONEY. With respect to the "buy-American" clause. I want to call your attention to section 5 (b) of Senator Thomas' bill which appears on page 7 in the first three lines:

"Except where the Board determines it would be inconsistent with the public interest, purchase under this act shall be made in accordance with the 'buy-American' clause."

Do you think that that waiver is sufficient?

Mr. STEIN. I am inclined to think that it is. It would seem to me that in a rather considerable number of cases for this particular purpose, the proper thing is to buy abroad rather than in this country because of the desirability of increasing the stock of materials that would be available to the United States in case of need.

I can see that one could operate under this provision because it is a rather flexibly drafted one, but nevertheless I think it would be more desirable to have not even that mild stricture in the legislation.

Senator O'MAHONEY. Of course, it is obvious that is a broad delegation of authority to select the materials to be purchased.

Mr. STEIN. Yes; there is a very broad delegation there, and I do not think there would be any legal difficulty.

There is this problem, that it puts the Board in a rather difficult position if it finds in a very large number of instances that it uses the exception that it is permitted to use. It would seem to a board operating in that way, that it violates the underlying policy more often than it follows it, and that is a difficult position for a board to be in.

Senator O'MAHONEY. That raises a question which will undoubtedly be of considerable interest when the full committee undertakes to examine the legislation, and I know I should be asked to report on this particular phase.

Now, you have said that the omission of the declaration of an objective to conserve and to encourage the development of American sources of these materials was inadvertent rather than intentional.

Mr. STEIN. Yes, sir.

Senator O'MAHONEY. That being the case, and it being an objective to conserve and to develop American resources, the question arises whether or not that objective may not be more effectively served by allowing the "buy-American" clause to remain in the bill, with the exception which I have already noted that is to say where it may be waived where the public interest demands.

If it is not embodied in that way but if the "buy-American" clause is completely eliminated, as it is in section 5 (a) of the substitute bill, then the Board with all its broad authority may set up its own standards, may it not?

Mr. STEIN. I think it would, in effect, have to set up its own standards. That was a point to which Dr. Leith referred in his testimony this morning, and he can probably amplify now what he said then. He referred to the absence of the "buy-American" provision, as you remember.

At this point was ordered inserted a letter to be written by Mr. Stein, which follows:

OCTOBER 31, 1945.

Hon. JOSEPH C. O'MAHONEY,
United States Senate.

DEAR SENATOR O'MAHONEY: Yesterday at the hearing of the Senate Military Affairs Subcommittee you questioned me concerning the effects of the so-called buy-American provision in section 5 (b) of S. 752.

As I remember the discussion, it centered around the broad latitude given the Board by the opening phrase of this section which reads, "except where the Board determines that it would be inconsistent with the public interests."

After the hearing I discussed the matter with our counsel who advises me that this apparently broad latitude is limited legally by the second main clause in the section which reads "but a reasonable time (not to exceed 1 year) shall be allowed for production and delivery from domestic sources." Accordingly, the Board might not be able to purchase on a favorable market abroad pending the elapse of the "reasonable time" in a vain attempt to secure materials in this country. After such time lapse of course, it is entirely possible that the favorable market might be lost.

If I had been fully cognizant of what appears to be the correct interpretation of this section of S. 752, my testimony would have been expanded to indicate the manner in which the Board's apparent freedom of action is in fact limited.

Sincerely,

HAROLD STEIN,
Assistant to the Deputy Director for Reconversion.

I would just say this, speaking not as a technician in the field as Dr. Leith is with a wealth of experience in the field: It would rather seem to me a conservation of our resources to use foreign sources for a considerable number of these materials in building up the stock pile. I think perhaps Dr. Leith can amplify this general point somewhat more than I can.

Senator O'MAHONEY. I assume that Senator Thomas in his study of this bill, since he was the pioneer (and the committee will undoubtedly give great weight to his views), had in mind both the conservation of scarce materials within the United States and the development of new sources, and that it was conceded that perhaps the "buy-American" clause would be of great assistance, both to conserve and to develop, whereas if the "buy-American" clause is utterly eliminated there is the possibility that the development of new sources within the United States may not have as great weight with the Board as might otherwise be the case.

We would be very glad to have you comment, doctor.

I am trying to develop this matter from every angle.

Dr. LEITH. The only comment I would make is that I do not think anyone would question the endeavor to conserve resources, and so on.

My point was it didn't seem to me to belong in this bill. I would like to see it handled by separate legislation because it does introduce the question of local group pressures, and so on, into this in a way that to

some of us has seemed undesirable if we are to meet our main objective to get materials from places where they do exist and are known to exist, and are of high grade, and not depend on speculative chances at home.

I would not decry for a moment, the necessity of making every possible effort to develop the local resources with any aid that might be necessary from the Government, but that is a separate problem which I personally feel should be in separate legislation.

Senator O'MAHONEY. But section 8 of the administration bill authorized the Secretary of the Interior, and, in fact, directs him to make scientific, technological, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its territories, or insular possessions, which are essential to the common defense or the industrial needs of the United States, and so forth, so that even in the bill that comes to us from the Bureau, there is this mixture of objectives.

Dr. LEITH. Isn't that supplementary, Senator, to other legislation which might be enacted for the development of these resources through the Bureau of Mines or various projects of various kinds calling for Government help?

I did not read that clause as taking over the work of the Bureau of Mines. It adds the support of the stock-piling group to this other objective which may be financed quite independently.

Mr. BORCHARDT. In the light of your inquiry, Senator, I wonder, as a matter of fact in the light of past experience, how correct this statement is which was read by Mr. Stein:

We do not increase our reserves of strategic materials or contribute greatly to our security, by removing ores from a hole in the ground and placing them on top of the ground within the United States.

Is that, as a matter of fact, a correct statement?

In other words, do we find additional resources in the United States if we are looking for them; or, turning it around the other way, by purchasing abroad do we neglect to find the additional resources so we won't have them available in case of need? What is the experience with respect to scarce ores in the United States, and minerals?

Dr. LEITH. Are you directing that question to me?

Mr. BORCHARDT. I think to both of you gentlemen.

Dr. LEITH. Well, I don't think there is any doubt that the main thing we are after is the exploration and the testing out of new processes to find out where the stuff is and not the production of this material.

For instance, we have at the present time processes which we know we can apply. As a result of this war effort, we have put quite a lot of processes on the shelf which we know would work if, as, and when they are absolutely needed. But to turn that into production now I don't think is going to add much to our resource. It is there on the shelf and is ready.

Mr. BORCHARDT. In case of domestic clays as a source of alumina, to take a specific example—does the "know-how" which we have developed add to the utilization of those clays, or doesn't it?

Dr. LEITH. It does, and that is a good case in point. It happens to come across my desk, so I know about it. We had 30 different proc-

esses for taking aluminum out of clay which we tested out in various ways. We came down to four that looked rather promising and arranged through RFC for financing those four projects. They were carried along to a certain extent, and the war left the problem more or less unfinished. We have not gone far enough yet to know exactly what should be done, and I think there is one of the problems that will have to be handled by the War Department and by this new Research and Security Board which has just been set up at the request of the Secretaries of War and Navy.

Some of those things we would like to see carried on until we have something to be sure of, but to carry that through to the process of piling up aluminum out of clay as a stock pile is quite a different thing. It does not add to our security one bit.

Senator O'MAHONEY. We have, as a result of this bill, if enacted, and under the present law, the authority to purchase abroad. We don't purchase in the ground. We don't purchase the mines and allow the mineral to remain undeveloped abroad. We take it out, put it on the top of the ground and transport it across the sea to stock pile it here, do we not?

Dr. LEITH. Yes.

Senator O'MAHONEY. The statement which Mr. Borchardt referred to in Mr. Snyder's paper clearly states that we shall follow an utterly different policy so far as the United States is concerned.

Mr. STEIN. I might point out first that there are certain qualifications in the succeeding sentence, and, secondly, Senator, that one of the prime reasons for stock-piling is the fact that transportation by water during wartime is extremely difficult and hazardous and to some extent, in this war, impossible; therefore, you cannot depend on mining in foreign countries after the war. You have to bring the stuff here so it is within the United States, and the situation is, therefore, to that extent, quite different.

Nor do I take the position that the purchases should be made exclusively abroad. I do not think that would be right, but I do not think that the legislation should be worded so as to give preference.

Senator O'MAHONEY. I think it is a matter of emphasis wholly.

Mr. STEIN. I think you are entirely right.

Senator O'MAHONEY. Because Senator Thomas clearly recognized the desirability of bringing the material in, and therefore was willing to waive the "buy-American" clause.

Now, the question is from your point of view, whether it is not dangerous to the development of new sources within the United States to repeal the "buy-American" clause completely, because in the succeeding sentence to that which Mr. Borchardt read I find Mr. Snyder saying:

By and large, although there may be certain technical exceptions, we can increase the supplies of strategic materials available to the United States only by bringing in such supplies from some other continent.

Now, that is a pretty definite statement.

Mr. STEIN. It is a pretty definite statement.

Senator O'MAHONEY. I brought this out because I want this record clearly to pose for the full committee the issue that is presented by this

"buy-American" repeal, and by the alterations which you have made in the bill.

Are there any other questions?

Mr. BORCHARDT. I would like to ask Mr. Stein another question. With respect to the release provisions in section 4, I would like to ask one question. This appears on page 3 of S. 1481, beginning at line 17:

* * * materials acquired under this act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is in the interest of the national defense. * * *

It is the last two lines which I am referring to. How would the President ever make a finding that the release is in the interest of the national defense? Isn't it the other way around, that the retention of the material is no longer required in the interest of the national defense? Can you ever make a finding that the release is in the interest of the national defense?

Mr. STEIN. Yes; very definitely so. The President makes a finding, naturally on recommendation of the appropriate agency, for example, to start certain industrial processes going which are used in wartime as a part of the national-defense measures.

It was our feeling that the declaration of the state of emergency is one of the last steps before you get into a war, and that frequently the active defense plans, the building up of armaments, and so on, should precede the formal finding.

To do that, you may start using some of the materials in your stock pile.

Mr. BORCHARDT. Where do you have, then, the provision for release in case of reclassification of materials as nonstrategic?

I thought this was the provision.

Mr. STEIN. No; that is not the provision.

Mr. BORCHARDT. Excuse me, I see it. It is in section 5, subsection 5. I see you have two separate release provisions appearing in two separate sections, section 4, and section 5.

Mr. STEIN. That is right.

Senator O'MAHONEY. My attention has been called to a rather interesting colloquy between the chairman of the small business committee and Secretary Ickes at a hearing on critical, strategic, and essential materials held in January 1943. I am reading from page 1813 of part 13:

The CHAIRMAN. Mr. Secretary, some of our Government officials indicate that they consider it preferable to preserve our national resources by exhausting those of our neighbors instead. Do you think this is compatible with a safe war program?

Secretary ICKES. I have indicated that I do not. I should add that even if we may possess blocked-out reserves and tested processes adequate for any reasonable emergency, and even if we should establish single commercial plants to demonstrate fully our ability to make large-scale practical use of our reserves, there would still remain the necessity of having a sizeable nucleus of skilled workmen and management capable of quick expansion when the emergency comes. Our only safety is to have a vigorous producing industry in every line of endeavor, which is essential for the prosecution of the war.

Are there any other questions?

Mr. BORCHARDT. Mr. Stein, does not S. 1481, in defining strategic materials exclude agricultural products?

Mr. STEIN. That is not correct, and it is not intended to. It is contemplated that there may very well be certain agricultural products which are the proper subject for stock-piling.

Mr. BORCHARDT. Why then, let me ask, do you think it is desirable to leave out in S. 1481 the provision which is found in S. 752, authorizing and directing the Secretary of Agriculture—

to make scientific, technological, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural materials designated as strategic and critical by the Board (including but not limited to the materials contained in the lists compiled pursuant to sec. 3) or substitutes therefor.

Mr. STEIN. It was left out because it was felt it was more properly the subject of legislation in connection with the various agricultural authorization acts. It was also felt that it was quite probable it was already covered by authority possessed by the Secretary of Agriculture, and if it is not completely covered, that an appropriate amendment or addition to one of the various acts covering that department was the right place to take care of it.

Mr. BORCHARDT. If I understand you correctly, Mr. Stein, there is no opposition on the part of the Office of War Mobilization to the substance of that provision granting that authority.

Mr. STEIN. Not only no opposition, but we believe in it.

Senator O'MAHONEY. Are there any other questions?

If not, we are very grateful to Mr. Stein.

Mr. Templeton.

STATEMENT OF RICHARD H. TEMPLETON, JR., ADMINISTRATIVE ANALYST, BUREAU OF THE BUDGET, WASHINGTON

Mr. TEMPLETON. Mr. Chairman, my remarks will be confined to the organizational and administrative provisions of S. 1481.

A stock-pile program is properly a part of a national defense program. The national defense program is composed of several important parts. The military program is, of course, primary. It must be consistent with our foreign policy and our foreign relations. It must be complemented by programs of scientific research and industrial mobilization. The stock-pile program is an important part of industrial mobilization.

During the war the President was vested with broad war powers. Those pertaining to industrial mobilization were in turn delegated to the chairman of the War Production Board. S. 1481 would vest in the President the authority to determine the size of the stock pile and the power to designate the agency through which this authority would be exercised. If the War Production Board was to continue after the war, it would be the logical agency to exercise this authority, but the War Production Board will pass out of existence shortly.

If S. 1841 is enacted, it is contemplated that the President would exercise this authority for the time being through the Office of War Mobilization and Reconversion.

Broadly speaking, industrial mobilization requires the utilization of three types of resources. First, raw materials are required for the national defense; secondly, facilities are necessary to convert these raw materials into the required munitions of war; and thirdly, manpower is needed for both the production of raw materials and the fabrication of these materials.

To insure the proper utilization of these three important resources, coordination is essential. The provisions of this bill vesting in the

President the authority to determine the size of the stock piles and the agency to exercise this authority are necessary to achieve this coordination.

This bill also provides for the establishment of a Strategic Materials Stockpiling Board by the President within such agency of the Government as he shall designate. This Board would advise and assist the President in setting and subsequently revising the long-range stock-pile objectives. The Board would also advise the chairman regarding the procurement policy to be followed in the purchase and acquisition of materials for the stock pile.

The bill empowers the President to determine the location of the Strategic Materials Stockpiling Board. This provision would enable the President to make sure that the procurement aspects of the stock pile program are properly integrated with the other aspects of industrial mobilization, as well as other programs related to the national defense.

It is contemplated that for the time being the President would also exercise this authority through the Office of Mobilization and Reconversion.

Finally the Chairman of the Strategic Materials Stockpiling Board would be empowered to designate the agencies to carry out the actual purchase, storage, rotation, and disposal of stocks. The existing agencies of Government engaged in these activities would be utilized. The procedure contemplated is very analogous to that used during the war, whereby the Chairman of the War Production Board issued basic purchase directives which were carried out by other agencies, designed to avoid duplication.

In addition to the organizational provisions of the bill, certain provisions regarding fiscal administration deserve comment. Section 6 deals with the transfer of materials, already owned by the United States, to the jurisdiction of the board. It provides that starting with the first full fiscal year more than 12 months after the enactment of the law, the total amount to be transferred shall be fixed by the appropriation act or acts.

The Chairman of the Strategic Materials Stockpiling Board would prepare a budget for presentation to the Congress. This budget would state not only the amount of money needed for purchases but would also state the value of materials to be transferred from other agencies during the ensuing fiscal year. This provision would ensure the proper authorization by the Congress of the total materials going into the stock pile.

Section 6 also provides that where transfers are made from the Reconstruction Finance Corporation to the stock pile, the Secretary of the Treasury shall cancel RFC notes. This section further provides that the borrowing authority of the RFC shall be reduced by the amount of the notes canceled. In the absence of the latter provision, the free borrowing authority of the Reconstruction Finance Corporation would increase by the amount of the notes canceled.

Section 7 provides that any funds received by the Board on account of sales or other dispositions of material shall be covered into the Treasury as miscellaneous receipts, and does not apply in the case of rotation of stocks. This provision is designed to avoid the creation of a permanent revolving fund and to ensure that the Congress will

have the opportunity to review through the normal budgetary process all changes in the stock-piling program.

Senator, there is one comment that I would like to make with regard to the previous discussion of section 8 pertaining to the exploration and development. It is a rather technical point, but I think it should be brought out. Both this bill and the bill introduced by Senator Thomas are amendments of the act of June 7, 1939, and this provision is identical with the provision contained in that act. If there were not a provision of this nature, it would have the effect of repealing the existing authority of the Secretary of the Interior. Section 8 is the same as in the existing act.

Senator O'MAHONEY. Under the present law and under Senator Thomas' bill, the Army-Navy Munitions Board is required to make a report and to designate the materials in two classifications, A and B. That seems to be eliminated in the draft which has come up from the Bureau of the Budget.

Mr. TEMPLETON. In regard to the list, I believe some of the other representatives are more qualified to speak to the point of elimination of an A-and-B list.

Senator O'MAHONEY. You see, the presentation to the Appropriations Committee of a budget and request for an appropriation has nothing to do with the selection of the materials to be purchased. That means no disclosure necessarily.

Mr. TEMPLETON. I believe, sir, that it was contemplated that, as part of the budget presentation, the equivalent of the list would be part of the budget presentation.

Senator O'MAHONEY. What was the reason for abandoning the method we now have, which was embodied in Senator Thomas' bill, and selecting this other procedure which is, at least on its face, much more secretive?

Mr. STEIN. I might say a word, if I might, Senator.

I think the feeling was that if one looks on this stock pile as having one important objective, the objective of defense, then it is desirable to select those items which are essential for the defense of the country and to determine the quantities of those items which are essential for the defense, and if necessary to spend all the money that it necessary to get those quantities.

In the previous list there was a somewhat flexible provision, perhaps, whereby larger amounts were placed in the stock pile if they were available from surplus, and only smaller amounts if they were purchased; and it was our general feeling that with the appropriate agency advising the President, the President thereupon should determine what was necessary and present that to the Congress with the hope and expectation that the Congress would make such appropriations as might be necessary insofar as the surplus stocks did not fill the stock-pile goals.

Mr. BORCHARDT. In the aluminum industry, we expect expanding markets for aluminum to develop over a period of years. At the present time, however, such markets have not developed. Wouldn't it be sound policy for the United States to purchase the aluminum at the beginning of that period while the commercial markets have not yet developed and stock piled that aluminum. Therefore, should we not have provisions in there to purchase the materials while they are

surplus rather than at a time when they are needed by the civilian markets?

Mr. STEIN. I think you are using the word "surplus" in a slightly different sense from the way in which I was using it. I was thinking of it in terms of technically declared surplus by Government agencies.

It is definitely contemplated that the board which directs the procurement policy for these materials will take into account such factors as the easy availability at low prices of certain materials at certain times, and subsequent availability of other materials at low prices at other times. That would be not only consistent with the general thinking of this suggested legislation but also almost inherent in that the agency looking over all the materials which should be on hand would look first to those where the shortage might be most immediately critical for national defense and start buying some of them, and then would direct its use of funds in such a way as to take advantage of the fact that there is a large aluminum capacity at the present time which is not used, if aluminum is determined to be one of the materials that should be stock piled. I am not trying to pre-judge the issue, of course.

Mr. BORCHARDT. In other words, the situation with respect to aluminum might be just the opposite of the situation with respect to tin, which is badly needed by civilian industry now and which is difficult to secure now for stock-pile purposes, while aluminum would be easy to secure for stock-pile purposes now and would relieve some of the economic problems we are facing in the disposal of government-owned aluminum plants.

Mr. STEIN. Exactly so. It is contemplated, within the limits to be set, that the purchasing program should be handled in a way that is consistent with our interests, both commercially and nationally.

Senator O'MAHONEY. I am impressed with the thought that if we are to approach this problem as one of preparing for the national defense and if we assume, as we must assume from the facts before us, that there are some minerals of which we have a scant supply, then it becomes of great importance so far as they are concerned that we should take such steps as may be feasible to promote and discover domestic sources for those materials or substitutes.

Secretary Ickes again sets forth his point of view in that testimony from which I quoted a few moments ago, just on the succeeding page, page 1814 of the same hearing:

I see no cause for alarm in any projected rate of depletion of our mineral resources, provided the necessary steps are taken to insure that as a given mineral resource is depleted, other mineral resources are developed which will take its place. In the production of aluminum, we continue to urge the substitution of clay for our rapidly vanishing bauxite deposits. Similarly, in order to meet the impending shortage of beryllium, the Bureau of Mines has developed electrolytic manganese alloys which will satisfactorily replace beryllium alloys in nearly all of their uses. What I am greatly alarmed about is the failure of the War Production Board to take sufficiently aggressive steps to insure that the materials which are to be substituted for mineral resources being rapidly depleted will themselves be produced in adequate quantities and at a sufficiently early date so that we may not find this nation with neither the original mineral resource nor the substitutes.

The Chairman ordered inserted the following testimony by Secretary Ickes given during the same hearing and appearing on page 1813:

"In the first place, our need for domestic production of strategic minerals should become obvious eventually, even to the blind. * * * There has been far too

much tendency to resolve all our problems of minerals shortages in favor of importation. This has been discouraging to our Western mining industry, which has properly looked forward to an immediate utilization of the discoveries of the Bureau."

And referring to what he had said earlier, we might add, "nor with the productivity facilities and the 'know-how' to produce them."

Now, the question that I have in mind is whether or not any of the alterations which have been made in the bill have any bearing upon this central problem?

Mr. STEIN. I don't think this central problem is one that can be adequately covered in a bill of this sort. It seems to me the general healthy development of our mining industry is something that will require, as it has in the past, a great many actions by Congress and by other agencies.

I would think, for example, even though I speak as a complete amateur, that quite possibly our tax laws or our State tax laws might have a very considerable effect on the development of our natural resources, and yet I do not think that anyone would urge that this bill, this particular measure, be used as a means for correcting any deficiencies in the tax laws.

Senator O'MAHONEY. I think anybody who has anything to do with the mineral industry may agree with you that the tax laws might be, with advantage, revised.

Mr. STEIN. I think there are various other things that can and should be done, and I am sure some of them at least will be done; but I think it would be very unfortunate to put them in here.

Senator O'MAHONEY. Do I understand you to say, then, that the changes have been made for the purpose of creating a greater opportunity to purchase these materials abroad rather than in the United States?

Mr. STEIN. Let me answer it this way—I will give you what I hope will be at least a complete answer and the best I can give: I do not think that either bill will have a substantially different effect on the development and promotion of our mineral resources. I don't think there is any difference between the bills that will affect that underlying problem.

I do think that the absence of the "buy-American" provision will tend to some extent to increase the conservation of our own resources by having us depend, at a time when we can get them, on foreign materials rather than on domestic materials. This will, I think tend to effect conservation.

I feel that these problems of development of new resources and development of new processes and training of people, and so on, constitute the underlying problems of our mining industry. I don't believe that they can be cured in legislation of this sort.

In connection particularly with the one section of the bill which is identical in both bills, which is directly aimed at this problem of finding new resources, and so on, it was the feeling of a good many of us that it was an excellent piece of legislation but out of place in this bill. It was left in there, as Mr. Templeton has indicated, because of the technical fact that leaving it out of the bill would have the effect of repealing it, and none of us wanted to do that.

Senator O'MAHONEY. Inasmuch as the other clause was inadvertently omitted, I am glad you allowed this to remain.

Mr. STEIN. The reason was that we tried to see if we could keep the activity in existence without putting the clause in. We found we couldn't for technical reasons.

Mr. BORCHARDT. May I address this additional question to Mr. Stein?

S. 752 gives authority similar to the authority given to the Bureau of Mines to the Secretary of Agriculture with respect to agricultural products, and I note that the administration bill omits that particular provision.

Mr. STEIN. That is not inadvertence. That is deliberate, not that we do not believe the Secretary of Agriculture should not be encouraged and even directed to go in for research, but because we believe that it is a proper thing for him to come up with that problem in legislation directly applicable to the Department of Agriculture. If it didn't create the difficulty I have described, we would like to see the mineral conservation section in legislation directly applicable to the Department of the Interior.

Senator O'MAHONEY. May I ask whether the State Department was represented at the conferences in the office?

Mr. STEIN. Yes, Senator.

Senator O'MAHONEY. Is there anybody here expressing an opinion from the point of view of the State Department?

Mr. LIPKOWITZ. I am Samuel Lipkowitz. Mr. Thorp is expected to attend this meeting shortly. I called during the recess to indicate that you intended to close the hearings by 3 and asked if it would be possible for him to attend before that time. I was only able to get a secretary, so I was not able to get an answer as to whether he would definitely be here or not.

Senator O'MAHONEY. Maybe we will have him at a future opportunity. Thank you very much.

That completes your statement, does it not?

Mr. TEMPLETON. Unless you have further questions.

Senator O'MAHONEY. I think not, unless someone around the table wishes to ask questions.

Thank you very much.

I want to insert in the record at this point the analysis of the two bills which has been prepared by the committee counsel.

(The document referred to reads as follows:)

COMPARISON OF S. 752 (THOMAS-MAY BILL)
AND S. 1481 (JOHNSON BILL)

(Prepared by Kurt Borchardt for use of surplus property committee)

1. Previous legislation

Both bills are designed to amend stock-piling legislation contained in the act of June 7, 1939.

2. Declaration of policy

Both bills declare it to be the policy of the Congress to stock-pile strategic materials to decrease dependence of the United States upon foreign sources of supplies in time of a national emergency.

S. 752 in addition states that it is the policy of the Congress to encourage the conservation and development of sources of strategic materials within the United States.

3. Determination and acquisition of strategic materials

S. 1481 authorizes the President (with the advice and assistance of the Strategic Materials Stock-pile Board) to determine which materials are strategic and the qualities and quantities to be stock-piled.

S. 1481 directs that materials be acquired so far as practicable from supplies in excess of current industrial demand and at the lowest prices obtainable and without regard to the "buy American" provisions contained in title III of the act of March 3, 1933.

S. 752 bases the materials to be stock piled and the quantities thereof on the report of the Army-Navy Munitions Board to Congress, dated January 2, 1945. The Stock Pile Board may make additional determinations.

S. 752 directs purchase of materials from supplies in excess of current commercial demand and prohibits purchase at a price in excess of open market price. Except where the Board determines that it would be inconsistent with the public interest, purchases are to be made in accordance with the "buy American" provisions of title III of the act of March 3, 1933. A reasonable time, not to exceed 1 year, must be allowed for production of such materials from domestic sources.

4. Administrative machinery

S. 1481 vests the authority to determine which materials are strategic and the quality and quantity to be stock piled in the President with the advice and assistance of the Strategic Materials Stock Pile Board. The President may exercise his powers through a designated agency. The Board shall be established in an agency to be designated by the President. The chairman of the Board is to be appointed by the head of that agency with the approval of the President. The membership of the Board consists of the Secretaries of State, Treasury, War, Navy, Interior, Agriculture, and Commerce.

S. 752 vests the authority in the Stock Pile Board. The chairman of the Board is the Secretary of War. The membership of the Board is the same as under S. 1481, except that the Secretaries of Agriculture and the Treasury are omitted.

5. Release of materials

Both bills authorize the release of materials for the purpose of rotation.

S. 1481 authorizes the release of stock-piled materials in time of peace (1) where the chairman of the Board with the advice of the Board revises the determination of materials as strategic, and (2) on order of the President at any time when, in his judgment, such release is in the interest of national defense. In time of war release may be ordered by an agency designated by the President. Notice is required prior to release in case materials classified as strategic are reclassified as nonstrategic.

S. 752 authorizes the release of materials in time of war but prohibits the release of materials at any other time except (1) upon specific authorization by the Congress, and (2) because of reclassification of materials as nonstrategic, after submission not less than 6 months before release, of a report to Congress setting forth the reasons for reclassification, amount of material to be released and disposal plan to be followed.

6. Development of domestic resources

Both bills authorize investigations by the Bureau of Mines of the availability and treatment of ores in the United States in order to develop domestic sources of supply, to devise new treatment methods of lower grade reserves, and to develop substitutes.

S. 752, in addition, gives similar authority to the Secretary of Agriculture with respect to agricultural products.

Senator O'MAHONEY. Mr. Barker.

STATEMENT OF ALEXANDER C. BARKER, PRESIDENT, DOMINION MANGANESE CORPORATION

Mr. BARKER. I am Alexander C. Barker, president of Dominion Manganese Corporation of Augusta County, Va.

I think we are all agreed that stock piling for national defense is essential, and there can be no argument about the purpose of a military stock pile.

Clearly and simply, it means providing the raw materials for a greatly expanded production of metals needed for war.

The need for such a stock pile arises from the fact that time is involved in increasing domestic production or in increasing and making available foreign production of the needed mineral. As wars and military emergencies tend to become longer and more world embracing, it is no longer sound thinking to regard a stock pile as the entire source of supply in an emergency. A stock pile, no matter how large, must be regarded merely as a reservoir which may be temporarily diminished while establishing domestic production or reestablishing foreign importation.

Since the reopening of sea lanes and the reestablishment of foreign production is in itself dependent upon military and naval success, the only really safe stock pile from a military standpoint is one which will last at any foreseeable rate of production until domestic production of the material or substitute materials may be developed and domestic consumption reduced by control measures.

I think the chairman very ably brought out this morning that wherever we develop our source of domestic materials by proven metallurgical processes, such ore reserves should be converted to a condition of acceptability by industry.

From this point of view, I urge that the committee consider it carefully—importance of contributions to a military stock pile by domestic production becomes, not as some would have us believe, merely a subsidy of uneconomic domestic production, but the most important of all features of stock-piling. This is so because expanded domestic production of our strategic materials in an emergency means that we must have in peacetime a going industry to expand.

Experience in the war just ended has demonstrated conclusively that rapid expansion based on an organization with complete technical know-how is feasible but that starting an industry from scratch in wartime is a stupendous undertaking, extremely costly in money, men, and materials, and only successful when, as with the atomic bomb, enormous resources are projected in this one direction.

I urge that proper provision be made in any stock-piling plan for the encouragement of domestic production of strategic materials, and I do so not at all with the thought of subsidizing domestic production, but definitely with the idea of making possible the establishment of mineral industries which will produce strategic materials from our own ore, and, although they may contribute but a small total tonnage of a necessary stock pile, their very existence will contribute vastly more to military security than any conceivable stock pile of foreign material.

At this point, let me make it perfectly clear, because there have been misunderstandings in the past, that I do not urge the stock piling of any material which would not be fully acceptable to the

metal-producing industries without a loss in their production capacity. On the contrary, I urge that only those domestic materials be accepted for stock-piling which, in the proportions that they are so accepted, will be acceptable to industry, in preference to imported materials, which may constitute the bulk of the stock pile.

Stated in another way, I am not urging that the stock pile be thrown open to any raw material simply because it is a domestic raw material, but I am urging most strongly that, when patriotic American citizens have by their own industry and ingenuity found a way to produce a usable and acceptable material from our own mines, the military stock pile should be open to such material in preference to foreign material and at a reasonable price which will permit continued production. The only limitation I would place on this is that the domestic production rate should not be such as to exhaust our resources merely for stock-pile purposes and, as stated previously, the proportion of any material in the stock pile be in line with the probable use in an emergency.

To proceed now, from the general principles on which, in my opinion, the stock piling of domestic materials should be encouraged, to particularly domestic materials which seem likely to be seriously affected by a short-sighted stock-piling policy.

Perhaps the most important of these is manganese. The war just ended demonstrated conclusively that we cannot produce any substantial proportion of the manganese needed for a stock pile under a specification which is written to cover imported ore from Africa or Russia. On the other hand, we do possess almost inexhaustible supplies of low-grade manganese ore. These low-grade ores respond to a variety of treatments and can produce, in fact are producing, several types of manganese raw materials entirely acceptable to industry in any amount that is at all in line with possible production from this source.

Senator O'MAHONEY. May I interrupt you?

Mr. BARKER. Yes, sir.

Senator O'MAHONEY. Do you mean to imply that the purchase specifications were so drawn to make difficult the purchase or production of American manganese?

Mr. BARKER. Yes.

Of course, I have not seen the new specifications; it has only come by rumor.

This company that I represent happens to be the biggest producer of high-grade natural manganese ore in this country, and we find by actual experience that the furnaces such as Lavino, and others, consider 44 percent grade perfectly acceptable to them and have a preference for our ore to those that come in from India and other countries.

Senator O'MAHONEY. How much?

Mr. BARKER. Forty-four percent, with a maximum of 6 percent Fe and 0.250 phos. We can meet those specifications.

Senator O'MAHONEY. What percentage of the foreign ore would be acceptable to the furnaces?

Mr. BARKER. As I understand it, it has been rumored that the new specifications—and I don't know what the new specification is—will call for something in excess of 48 percent, or higher grade. We could not meet that in this country, but we can meet the 44, which is acceptable to industry.

Senator O'MAHONEY. What about the experience in the past? What were the specifications heretofore?

Mr. BARKER. Heretofore we have had a 48 percent premium subsidy price with a penalty below 48 percent, and a premium above 48 percent. Then, in our last contract awarded to us by Metals Reserve, the grade requirement was reduced from 48 to 44.

We are fulfilling that requirement, and we can do so, but if it goes higher, it is doubtful whether we come within the limit of being able to fulfill those requirements.

Senator O'MAHONEY. Well, you have no complaint as to what has happened in the past?

Mr. BARKER. Not in the past.

Senator O'MAHONEY. But you are fearful that specifications might be drafted in the future that would penalize domestic ore?

Mr. BARKER. Precisely and furthermore, I would like to say this: In our company here in Augusta County, Va., we are exceptional in that we have not asked for and have not a dollar of taxpayer's money invested. My associates and I have over a million dollars invested in this project. We have not taken a dollar of profit out of it, but have put everything back.

If this opportunity for our ore being accepted in stock pile is denied to us, of course we just face that loss and would close down, and our men would go out of employment.

It is our feeling that the stock pile should call for 44 percent, or probably down to 42 percent, which is acceptable to many furnaces.

Dr. Leith can probably bear me out on that. Certainly I think a number of domestic producers can certainly meet those requirements up to 42 percent, and I think if the power is left, as the bill provides, to define the specifications, such a requirement would be perfectly satisfactory to us.

Of course, we are excluded if it goes to 48 or above.

Senator O'MAHONEY. Is the type of manganese which you produce adequate to meet defense needs?

Mr. BARKER. Perfectly.

Senator O'MAHONEY. Is there agreement on that, doctor?

Dr. LEITH. That is debatable. I suggest that you call in the RFC to get the complete statement as to their problem of grades. They did the best they could. They reduced the limit as far as they could. Not that it was an ideal thing to do, but to meet certain conditions.

Mr. BARKER. We run 48 and up to 50, but naturally we rejig some of the ore and reblend it, because otherwise it is a complete waste to us. Our shipments are now averaging close to 46 percent with about 2 percent Fe. We come within the requirement of 11 percent combination of silica and alumina, and we have on occasions been a little high in phos, but we are keeping that down now within the limits, and in fact lower than the limits, so if this specification calls for, as I say, down to 42 or 44 percent, we shall not be excluded from consideration.

We would like to have domestic manganese given preference in this bill to that extent to encourage its production.

Does that answer your question, Mr. Chairman?

Senator O'MAHONEY. The next question that I had in mind was whether the ore which you produce now is acceptable to American industry which consumes the ore.

Mr. BARKER. Yes; it is most acceptable. In fact, it is preferred. We have been told by Lavino that our particular ore has had preference over certain shipments of ore that have recently come in from India. They like our ore and like to use it, although at times the grade of it is lower.

Its analysis for manganese is lower than that of the analysis of the foreign ore.

Senator O'MAHONEY. All right. You may proceed.

Mr. BARKER. These manganese products range from washed natural ore with more than 44 percent manganese and very low iron to manganese concentrates suitably nodulized and finally to electrolytic manganese 99.9 percent pure metal.

Certainly any intelligent stock-piling scheme will make provision for accepting these products into the stock pile, so that their production may be maintained and ready for expansion in time of emergency. In the case of electrolytic manganese now produced only on a very small scale, this means making it possible for production to be established on a sufficiently large scale to greatly reduce cost of production and bring about the advantages in steel production capacity which have already been demonstrated for its use.

As I say, on that point, for upward of a year, we have been having market surveys made primarily in the steel industry throughout this country.

The Bureau of Mines, also, I understand, similarly has made market surveys and the results of the surveys made under my direction indicate that supplying the stamped portion of the steel industry, which amounts to only 20 percent of the total steel production of this country, at a price of 25 cents per pound, and therefore we will be able to meet the competition of low carbon ferromanganese—would produce a market awaiting electrolytic manganese in excess of 5,000 tons per month, or 60,000 tons per year.

Furthermore, this is not a dream process. This process has been very thoroughly worked out in the Bureau of Mines in their Boulder City Experimental Plant for upwards of three years.

Furthermore, in addition to their producing around a ton a day in that experimental plant, which has been sent all over the country to the steel industry for actual tests in the making of steel, a small plant operating under the basic process of the Bureau of Mines at Knoxville, Tenn., is producing about 4 tons per day, and cannot begin to meet the demand even at the high price of 33 cents a pound.

If there is any encouragement given to the production of electrolytic manganese so that a sufficient demand would justify sufficient production, then the cost drops materially by reason of the larger volume.

We are proposing to embark on a program for the production of electrolytic manganese, converting this dead-horse plant of the Manganese Ore Co. at Las Vegas, Nev., into the production of electrolytic manganese on the basis of 40 tons a day.

My associates and I are willing to augment such of the facilities there that can be suitable for this production by putting in a half million dollars on top of what the Government now has there.

We have carried on negotiations with the Office of Metals Reserve, of the RFC and also the Office of Defense Plants of the RFC, and so far they appear to be very agreeable to our taking hold of that

plant and reactivating an industry for Southern Nevada where the economy of that section of the country requires improvement which can be done in that way. That would bring in about a million-dollar-a-year pay roll, Mr. Chairman, to that section of the country.

Our domestic ores of a grade suitable for the production of electrolytic manganese will last for hundreds of years at any possibly foreseeable rate of use. No amount of stock-piling of foreign ores could take the place, from the standpoint of military safety of an established electrolytic manganese industry capable of rapid expansion. At the same time, anyone examining the trend of raw materials for steel manufacture can foresee increased demand for high-purity additions like electrolytic manganese.

Senator O'MAHONEY. What is the cost of electrolytic manganese as compared with high-grade imported manganese?

Mr. BARKER. Well, I think Dr. Leith could tell you. I know our cost. We have got a basic cost on electrolytic manganese without overhead, administrative cost, or taxes, of about $7\frac{3}{4}$ cents a pound. When you add to that your sales cost, your overhead, and so forth, we figure it on an over-all cost, not to exceed 16 cents per pound on a 40-ton per day basis, operating 24 hours per day for 365 days a year.

That would enable us to have a margin of safety there to establish a market price of something in the neighborhood of 20 to 25 cents per pound to bring us comfortably under our competitive product, which is low carbon ferromanganese.

In that connection, this is virtually a pure manganese metal, 99.9 percent pure, versus low-carbon ferromanganese of about 78, so you see you have got that differential of purity in here which even at a considerable price would give an improved quality of steel.

In May of this year, the Bureau of Mines reported a production of substantial quantities of manganese falling within the above categories from Arizona, Arkansas, Montana, Nevada, New Mexico, Tennessee, Virginia, and Washington. This production should be permitted to make its contribution to the military stock pile.

What I have said about manganese applies with only slightly less force to chromite.

In the war just ended, our Government expended vast sums in finding and developing our low-grade chromite resources. I am not advocating that any specifications for chromite stock-piling be so written as to permit the stock-piling of this low-grade chromite. I am urging that a place be made in the stock-pile for any form of chromium acceptable to the steel industry. There are several methods by which our domestic chromites can be converted into usable material including the production of electrolytic chromium. A place should be made in the stock pile for such products.

There is no excuse for demanding of our metallurgists that they convert domestic chrome and manganese ores into the equivalent of foreign ores. They should certainly be encouraged to produce for our stock pile something vastly superior, with a proper consideration of the increased cost of production of such superior material.

We have in this country reserves of chromite in Montana and Oregon which should be permitted to make their contribution to the stock pile.

An entirely similar situation exists with regard to bauxite. The extensive investigations of the Bureau of Mines and the Geological

Survey have shown that very little of our domestic bauxite can meet specifications likely to be set up for stock-piling. However, the possibilities of concentration of the low-grade bauxite ores of Arkansas, Alabama, and Georgia look very promising. The Bureau of Mines is operating an experimental mill at Arkansas.

Surely, if American citizens are willing to apply the industry and ingenuity to bring our low-grade domestic bauxite up to an entirely acceptable and usable concentrate, such a concentrate should be acceptable for stock-piling.

Here again an established and operating procedure for the milling of our vast resources of low-grade bauxite would be a safety factor for aluminum production in a war emergency which would outweigh any amount of stock-piling of foreign material.

Another material which we can produce domestically in the form of concentrates is celestite, which is found particularly in Texas. Celestite is used in finely ground form. Care should be taken that, in specifying celestite for stock pile, concentrates produced by American industry should not be discriminated against.

Other raw materials which may be considered for stock pile and for which consideration should be given to concentrates or intermediate products producible from domestic materials include antimony, cobalt, corundum, certain grades of mica, fluorspar, and vanadium.

I have given here only examples to illustrate my thesis, which I would like to restate. The purpose of a military stock pile of mineral raw materials is to provide a reservoir for the expanded production of metals which can be dipped into in an emergency until domestic production of the material or a substitute can be established.

A stock pile, therefore, serves its most important purpose if it aids in establishing and keeping alive domestic production of needed strategic materials in a form fully acceptable to industry.

Senator O'MAHONEY. Thank you very much, sir.

Are there any questions?

There appear to be none, sir. We are very much obliged to you.

Dr. Thorp.

STATEMENT OF WILLARD L. THORP, DEPUTY TO THE ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS FOR THE STATE DEPARTMENT

Dr. THORP. My name is Willard L. Thorp. I am Deputy to the Assistant Secretary for Economic Affairs for the State Department.

I have a very brief statement presenting the position of the State Department.

This bill authorizes the acquisition of a stock pile of strategic materials for national defense purposes. The Department of State endorses this objective and this bill.

At first blush, it might appear that this is rather far from the area of the responsibility of the Department of State. However, the Department's long interest in stock-pile legislation, as indicated in Secretary Hull's statement to the Senate Committee on Military Affairs in June of 1943, was based upon his concept that the Department of State had responsibility for the maintenance of satisfactory international economic and political relations in time of peace and responsi-

bility for the support of appropriate measures of national defense at all times.

Stock-pile legislation involves both responsibilities.

The stock-pile proposal, it should be emphasized is a national defense measure. This means two things:

First, it is for defense and represents no more than normal prudence in one sphere of national defense. Other witnesses have described the long-run defense implications of the depletion of domestic reserves of certain strategic materials during the recent war;

Second, this proposal is for a frozen stock pile for defense only, which means that materials will be released from the stock pile for reasons of national defense only.

It is not a buffer-stock plan under which the Government would buy or sell materials in order to control production or markets.

Senator O'MAHONEY. When you say that materials will be released only for national defense, do you have in contemplation changing conditions which would make a particular material outmoded and unnecessary?

Dr. THORP. Yes; and I think this statement as I presented it is too narrow, unless it is understood to mean that release of materials for reasons of technological obsolescence, and their subsequent replacement by materials that are not outmoded, is a necessary phase of effective national defense.

As I recall from the bill there can be a process of determination that certain materials are no longer needed, and then through appropriate notice, those materials can be withdrawn from the stock pile.

Senator O'MAHONEY. Appropriate notice? To what do you refer?

Dr. THORP. There is in the bill a requirement, in section 4 (b), on page 4, particularly from line 6 to 11.

Senator O'MAHONEY. "The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released, and the protection of the producers, processors, and consumers against avoidable disruption of their usual markets."

Dr. THORP. Actually the notice to which I referred is mentioned at the top of the page, the publication in the Federal Register of a notice of the proposed disposition, which gives the details.

Senator O'MAHONEY. What would be the standard of protection to producers, processors, and consumers?

Dr. THORP. Well, the problem is this:

If it is determined that a quantity of some material is no longer needed in the stock pile for purposes of national defense; it obviously would be unfortunate to have that thrown on the market.

One way of meeting the problem is by giving wide publicity as to how much, exactly, is going to move on the market, and when, and under what circumstances.

Senator O'MAHONEY. Whose judgment would control? That is what I am driving at.

Dr. THORP. That goes back to the Chairman of the Stock Piling Board, and he has the advice and assistance of the members of the Board. He is instructed to see that such disposition is done in as harmless a way as possible. It wouldn't necessarily be harmless; it might be very helpful.

Senator O'MAHONEY. It may be worth commenting that in a greater and greater degree the suggestions are coming forward for concentrated managerial authority in some Government officials.

Of course the most notable recent example is the May-Johnson bill, which would concentrate in the Commission to control atomic energy practically unlimited power over the use, and even over conversation about atomic energy.

Here the Administrator, the Chairman of the Board, will have the final decision, and we just express a pious hope here that he may not exercise that discretion to the disadvantage of the economy.

No standard is set forth.

Dr. THORP. Well, in a sense it is a standard. It indicates that specific things are to be taken into account with respect to his decision. I find it a little hard to see how you could set up a more specific standard, having in mind the variety of types of commodities, and types of markets and so forth, other than giving him a general statement as to the criteria which he is to use.

Mr. BOBCHARDT. Mr. Chairman, it might be worth mentioning that in S. 752 the standard provided there is the submission of a report to Congress, and no action may be taken until 6 months after the submission of such a report.

Senator O'MAHONEY. I am just calling attention to the fact that while we talked about free enterprise and the democratic economy, the suggestions are all in the direction of some sort of an arbitrary economy.

Dr. THORP. I think your general attitude happens to support very strongly the exact point which I was making, namely that this proposal does not permit the use of the stock piles for controlling production or controlling markets or programs of stabilization and so forth, but it is limited to be a matter for defense purposes.

Our feeling in the State Department is that this should be a program focusing on defense requirements and the danger of using it for what we might call buffer purposes is that your economic considerations might lead to an accumulation or withdrawal from the stock pile at exactly the wrong time.

We feel that this should be specifically a program for defense purposes.

Senator O'MAHONEY. Well, in the organization of the Government for war an attempt was made, sometimes successfully, to set up industry advisory committees.

The Office of War Mobilization, with respect to certain activities, certainly proceeded in that direction. Would there be any objection to setting up advisory committees here to deal with the disposal of quantities from the stock pile? Of course, we all know that industry is always alarmed at accumulations of the commodity which is the subject of the general livelihood, the business arrangement.

Dr. THORP. I think that brings you into a dilemma that appears frequently, that the people who have the most helpful technical knowledge are oftentimes the people who have the greatest interest in what is going to happen, and your problem is how to use these people who understand the market and yet, not by giving them advance information about your problem and what you are proposing to do, give them a real advantage.

A second feature of the bill is the provision in section 5 (a) (1) that materials shall be accumulated "at the lowest prices obtainable," without the impediment of domestic preference requirements of some former bills.

The Department specifically endorses this section.

In the first place, it obviously leads to the least cost in accumulating your stock pile, because that is the test which is required, a stock pile at the lowest prices available.

From the point of view of adequate defense, it seems evident that obstacles should not be placed upon the acquisitions of such strategic materials from abroad as are not available in adequate quantities in this country, because these are precisely the materials which should be stock-piled here for defense reasons.

In the third place, it is a basic commercial policy of this Government to lower trade barriers in order to revive competitive international trade.

The imposition of barriers, such as the domestic requirement laws, which make it very difficult to obtain materials from the most plentiful lowest cost source, if that source happens to be in a foreign country, cannot fail to stimulate the imposition of similar barriers, and retaliations on the part of foreign countries.

No one wants to begin again the old race of trade barriers to counteract other trade barriers which have in the run the effect of drying up international trade.

SENATOR O'MAHONEY. That doesn't even hint at our position as to the encouragement and development of domestic sources, does it?

DR. THORP. No; it certainly is not intended to do that. It is merely intended to put on an equal basis domestic and foreign sources and permitting the lowest cost to be the basis of determination.

SENATOR O'MAHONEY. Without any other consideration?

DR. THORP. Without any other consideration, unless it follows from the section of the bill where special encouragement is given for technical developments of new and promising domestic sources of supply.

SENATOR O'MAHONEY. Low costs can be achieved in the production at least of some commodities, I assume, when the country in which the production is carried on has a low standard of living.

DR. THORP. Yes.

SENATOR O'MAHONEY. Countries which have a high standard of living for the masses of the people naturally, except where technological improvement intervenes, may expect to have a high cost of production.

The statement which you have just made would rule out the standards of living altogether. It would make the basis of comparison, the cost of production.

DR. THORP. That is right. Perhaps we should say the lowest price obtainable, assuming that the price is related to the cost of production.

SENATOR O'MAHONEY. My own judgment, Mr. Thorp, and I shall probably make the suggestion at some time to the State Department, as that in carrying on negotiations with foreign countries, more concern ought to be given to the raising of the standard of living of the peoples of other countries.

By so doing I think we can develop a much higher degree of consuming ability, and if we do that, we shall have less trouble with our surpluses.

Take the case of wool, for example. We have a domestic problem.

Dr. THORP. I should think that purchasing from foreign countries was one way of raising their standard of living.

Senator O'MAHONEY. Not purchasing alone, because foreign countries have been known to exploit the population which produces as, for example, on the rubber plantations.

Now, we are going to be face to face with that in a moment—the restoration of a great rubber trade with the exploited Malaysians, and the scrapping of synthetic rubber industries built in the United States at the cost of millions of borrowed money, that is to say, millions of dollars that were taken out of future production in the United States, which, if they are ever to be supplied will have to be supplied out of production.

I did not mean to prolong the discussion by introducing that point of standard of living, but I was going to say with respect to wool, that it is a fact that the textile workers in the mills of England are paid at a much lower scale than our textile workers in the United States. Yet the woollens from these British textile mills are brought into the United States in competition with the higher living standards of our people.

Would it not be an advantage not only to the people of Britain, but to relations between the two countries, if the living standards of the textile workers of Britain were raised to the standards of our people?

Dr. THORP. Yes, I certainly would not argue that point at all. I quite agree.

Senator O'MAHONEY. We are told that one of the reasons why there was such an overturn in the British election was that the British public, in contact with American soldiers, began to think that perhaps the American standard of living was something to be enjoyed in Britain as well as here.

Dr. THORP. The standard of living has political implications, as well as economic, without any question. I think that the point on this particular proposal with respect to the stock-pile bill is not quite as direct, because all that we are suggesting in supporting this provision is that for us to purchase at home at higher prices commodities which are available, instead of these raw materials which are available from other places, is perhaps not a wise national policy.

That is hard on my standard of living as a taxpayer and from the point of view of the trade between the two countries, I would think would tend to assist the other countries' standard of living.

The test in the bill, namely, the lowest prices obtainable, seems to us the appropriate one for this general purpose.

I have one small modification to mention, which I believe has already been brought to your attention, namely that wherever the Government does purchase from abroad any strategic materials for the stock pile, those purchases should be exempt from tariff duties in accordance with the procedure adopted during the recent war.

Obviously nothing is obtained by having the Government pay tariff duties to itself.

Moreover, such a proposal would facilitate acquisition of the strategic materials from the most abundant low-cost source, whether foreign or domestic.

Senator O'MAHONEY. It has been suggested to me that I might ask myself a question, namely, that if we don't buy the Malayan rubber, would the standard of living of the Malaysians not drop?

My answer to that, of course, was that I think the Malaysians could, with profit, raise agricultural products to eat and to wear to great advantage, rather than at a low standard of living to turn out vast quantities of a single commodity to ship into the tremendous market of the United States.

Dr. THORP. Don't you suppose the fact that they are raising rubber is because they think they will do better with that than they would with raising their own food?

Senator O'MAHONEY. I don't know whether they have very much choice in it. They follow the advice of the colonial managers.

We have had a good deal of testimony here today about the desirability of stock piles for national defense, but we have had no testimony with respect to the stock pile.

Was that discussed in the Office of War Mobilization, Mr. Stein?

Mr. STEIN. The stock pile in what sense, sir?

Senator O'MAHONEY. Of what it is. During the war, of course, that was a subject of great secrecy. Now, what am I going to do when I appear before the full Military Affairs Committee to make a report upon this bill and I am asked to talk about the stock pile we have had, to report, in terms of experience, what have we got and what are we going to get?

Mr. STEIN. I should certainly think the agencies concerned with that could give you a complete report up to date.

We have a very considerable amount of information on all the purchases of strategic materials and the present figures in the stock pile. I think it is complete, although I am not positive; it is at least conceivable that there are one or two very special elements which were not covered.

Senator O'MAHONEY. Is there any reason why we should not have for this record a statement of what is in the stock pile and what is likely to be needed? I will ask you to take that up with the various agencies and to answer later. It won't be necessary to do it now.

Mr. STEIN. You would like me to file some kind of report, if that appears the feasible thing to do? You would like written material on that, wouldn't you?

Senator O'MAHONEY. That is right, with respect to the stock pile, the commodities, the minerals which are on hand and those which you desire to buy, and perhaps a statement of the quality as well as the quantity of things that are on hand.

Mr. STEIN. I will see what material I can get together.

(The following communication was received from Mr. Stein:)

NOVEMBER 1, 1945.

HON. JOSEPH C. O'MAHONEY,

United States Senate, Washington, D. C.

DEAR SENATOR O'MAHONEY: At the hearing on the various stock-piling bills held before the Senate Committee on Military Affairs on October 30, you asked me to file with you a report on the status of the stock pile under the act of June 7, 1939. A report of this character as of October 31, 1944 was included in the Army-Navy Munitions Board report to the Congress filed pursuant to section 22 of the Surplus Property Act on January 2, 1945. The relevant information

is contained in table I of the Appendix on page 13 of the Army-Navy Munitions Board report (79th Cong., 1st Session, Document No. 5). (See below.)

I am advised that since that time no materials have been released from the stock pile and only two additions have been made to it, as follows:

(1) 9,746 long tons of chrome ore have been acquired under long term commitment and have been added to the chrome ore previously reported in the stock pile. The total amount of chrome ore now held in the stock pile is 249,585 long tons.

(2) 1,456,000 pounds of vanadium oxide containing 788,778 pounds of vanadium have been transferred to Treasury Procurement for the stock pile under Section 22 of the Surplus Property Act and are now held in the stock pile.

Yours sincerely,

HAROLD STEIN.

TABLE I.—*Statistical summary of stock-pile activity under act of June 7, 1939*

Material	Unit of measure	Quantity purchased to Oct. 31, 1944	Quantity released to Oct. 31, 1944	Balance in stock pile Oct. 31, 1944
Cadmium.....	Pound.....	399, 672. 47	399, 672. 47	None
Chrome ore.....	Long ton.....	239, 839	None	239, 839
Industrial diamond.....	Carat.....	1, 089, 146. 19	None	1, 089, 146. 19
Manganese ore.....	Long ton.....	128, 666	None	128, 666
Manila fiber.....	Bale.....	146, 057	146, 057	None
Mercury.....	Flask.....	20, 010	None	20, 010
Mica:				
Block.....	Pound.....	700, 646. 5/8	700, 646. 5/8	None
Splittings.....	Pound.....	5, 000, 512. 1/2	None	5, 000, 512. 1/2
Monazite sand.....	Metric ton.....	2, 934	None	2, 934
Optical glass.....	Pound.....	12, 176. 75	12, 176. 75	None
Quartz crystals.....	Pound.....	52, 413	14, 718	37, 695
Quinine hydrobromide.....	Ounce.....	1, 491, 457	None	1, 491, 457
Quinine sulfate.....	Ounce.....	7, 194, 749	4, 917, 382	2, 277, 367
Tin (pig).....	Short ton.....	11, 457	None	11, 457
Tungsten ore.....	Short ton.....	5, 830	None	5, 830

Mr. STEIN. I should think in view of the suggestions made to this committee that it would hardly be appropriate to outline what should be bought since the whole procedure and mechanism is suggested as a means of making such determinations. It was our feeling that it needed this kind of procedure in order to get adequate determinations for the permanent long-term stock pile. I don't think we would feel competent to anticipate the determinations.

Mr. BORCHARDT. What provision does S. 1481 make for the transfer of the existing stock pile?

Mr. STEIN. I think Colonel Hutchinson can give you that.

Colonel HUTCHINSON. The bill, being an amendment of Public 117, presumably being the same bill, any stock pile that is presently accumulated under 117 would be subject to jurisdiction of such board as is set up in the amendment.

Mr. BORCHARDT. That is what I wanted to bring out, that the stock pile will be transferred to the agency to be created under S. 1481.

Mr. STEIN. This is a successor agency, and therefore inherits the stock pile automatically.

Senator O'MAHONEY. Mr. Conover.

STATEMENT OF JULIAN D. CONOVER, SECRETARY, AMERICAN MINING CONGRESS

Mr. CONOVER. My name is Julian D. Conover. I am secretary of the American Mining Congress, an organization representing the various branches of the mining industry throughout the United States.

I shall devote my remarks primarily to S. 1481, which we understand has been prepared in the Office of War Mobilization and Reconversion following a number of conferences between interested Government departments and agencies. Certain provisions of this bill cause the mining industry serious concern, and in our judgment require amendment if the fundamental purpose of the legislation—our future military security—is to be attained.

The principle of stock-piling for national defense has, of course, the approval and endorsement of the mining industry. As brought out by previous witnesses, such stock piles serve an important function in providing an immediate supply of strategic materials—principally minerals and metals—to meet the tremendous surge in requirements for munitions production and related industries that takes place during a war emergency. But physical stock piles of minerals and metals are only our first line of defense. Back of them, and of even greater importance to our security—as was clear from the discussions this morning and as you, Mr. Chairman, brought out so forcibly this afternoon—must be a sound, healthy and functioning mining industry, equipped and ready to deliver the additional quantities of minerals required for all-out war production.

It is true that as to certain minerals, such as tin, which are not mined in this country, the stock pile may have to be our main reliance; but as to others, such as zinc, copper, lead, etc., as to which our own mines produce a major portion of the world's output, the demands of wartime far exceed any stock-pile amounts contemplated in current discussions or that are practical of attainment. Mr. Bateman's charts this morning showed what a large proportion, even of the greatly pyramided wartime requirements for these minerals, was met from domestic sources. Plans for our defense must necessarily be based in large measure on a continuing supply of such minerals from current production—and to this end an active, "going" mining industry must be maintained. Consequently, in writing stock-piling legislation, extreme care should be taken not to jeopardize the future of our mining industry.

The purpose of stock-piling is national defense. On this we agree 100 percent with the previous witnesses. We feel that this purpose cannot be too strongly emphasized. Stock piles are intended to protect us against being again caught unprepared, without sufficient supplies of minerals and other basic materials quickly to produce the weapons that may be needed in another war. It is fundamental that these stock piles should be held inviolate against a future military emergency. They should be drawn upon when, and only when, this country is required to defend itself from aggression. So long as they are maintained intact, stock piles of minerals and metals constitute a permanent, indestructible reserve—of priceless value when measured against the blood of a future generation, or against the very existence of our Nation. If their existence helps to avert another attack—if, as we all pray, we are never called upon to use them—they will have paid for themselves many times over. They are a form of national insurance, and that insurance policy should never be allowed to lapse through dissipation of these strategic reserves.

Stock piles of minerals and other strategic materials do not, in general, become obsolete or outmoded as does a bomber or a battleship;

they are the basic materials required to produce whatever weapons a future war may require. They are the ultimate sinews of our defense.

Because of their importance, Congress in the past has rightfully retained control over these stock piles. This comes to the point you have raised, Mr. Chairman, as to what control there should be over the stock piles. We think the answer is simple, and that it should follow the wise precedent previously set. Congress has permitted the use of stock-pile materials only in a war emergency. Congress should retain its control in the future. No administrative agency should have the power to use or release the stock piles without specific congressional approval except for the purpose for which they were created. We do not for a moment believe that the patriotic and experienced men connected with the present stock-piling program would permit these reserves to be dissipated; but time passes, administrative personnel changes, and the present vivid appreciation of the needs for continued preparedness becomes dim. In the years to come those who are administering the program may not have the same keen realization of just how zealously these stock piles must be guarded for the Nation's safety. It is the function of Congress, we believe, to lay down a clear-cut policy for the future, and to provide safeguards against administrative changes that might result in nullifying that policy.

An exception may, of course, be made in the case of materials that become technologically obsolete for war purposes, as referred to by Mr. Stein and other witnesses here today. Yet even as to such materials, Congress should be fully advised in advance as to the reasons for any intended release from the stock piles.

The principle of congressional control of the stock pile bears directly also on the future of the mining industry of this country, upon which we must rely for a major part of our mineral supply in an emergency. Unless the stock-pile accumulations are securely locked up, with Congress itself holding the key, they will inevitably have an unhealthy and repressive effect on our mining industry. The conferring of discretionary power upon any administrative agency to liquidate portions of the stock pile must inevitably impair, if not destroy, the necessary confidence on the part of those who are responsible for operating and developing our mines. Even though such power were never exercised, the mere fact that it could be, would serve as a continuing threat, a sword of Damocles hanging over the mining industry and discouraging its development, expansion, and long-term financing. Such a condition would seriously jeopardize the maintenance of a strong, healthy industry, engaged continually in developing new reserves and new metallurgical processes, and possessed of the equipment, organization, and "know-how" that will be indispensable in another emergency.

As members of this committee are aware, the mining industry differs materially from manufacturing or fabricating enterprise. Mines cannot be moved to other locations or converted to the production of other goods. Their locations and the mineral content of their ore bodies have been fixed in long-past geologic periods. Situated frequently in isolated desert or mountain areas the entire populations of which are dependent upon them for support, they present many problems not encountered in populous manufacturing centers.

The mining industry is one in which long range planning and confidence in the future are especially required. The industry must constantly be exploring for and developing new mines to replace those whose ore bodies become worked out. Frequently as much as 5 years is required from the inception of a mining enterprise until it gets into full production. The finding and opening up of promising deposits calls for a high order of courage, optimism, and stick-to-it-iveness, combined with judgment, technical skill, and ample capital, prepared to assume the unavoidable hazards. Even in existing mines—and I emphasize this because of the discussion of mineral reserves here today—it is common that only a few years' reserves of ore are actually blocked out, and continued investment of risk capital is required to extend known reserves and to develop additional ore. Hence the industry is particularly susceptible to a condition where the adding of avoidable risks to those that necessarily must be encountered could well dry up the new development that must constantly be going on.

The Congress in its tax laws has recognized the difference between mining and manufacturing. Manufacturing converts raw materials into more valuable products through the application of labor, machinery, and ingenuity, but its capital investment is not consumed in the process. A mining company literally sinks its capital into the ground, and a large portion of its net receipts represent not a return on that capital but the return of the capital itself. If conditions adverse to mining are created, not only the possible profit but the capital of the miner is placed in jeopardy.

For many decades the mining industry has been seeking out and developing hidden ore reserves through the willingness of mining investors and mining companies, large and small, to venture their capital. We may expect the industry to continue to perpetuate itself in this manner, provided its needs are recognized and it is not subjected to the constant hazard of sudden offerings from Government stock piles for purposes other than national defense.

The suggestion has sometimes been made that ores be conserved in the ground, with a view to extracting them when an emergency requires; but such a policy, as those familiar with mining have pointed out, largely defeats its own ends. It fails to recognize the fact that shut-down mines, caved and flooded workings, corroded and rotting treatment plants, and technical and operating organizations scattered to the four winds are of little value when an emergency arises. Such a policy does not truly conserve and may in effect destroy our mineral resources. Additions to our mineral reserves are largely developed in the process of mining, and advances in the techniques of ore finding, mining, and metallurgical treatment of lower grade and hitherto worthless deposits are made by vigorous and active mining organizations. Without such organizations and a "going" mining industry, resources in the ground would have no practical value in a national emergency—it would take too long to bring them into production.

To those not connected with the mining industry it is sometimes difficult to make our views clear. As to stock piles, it might seem that injury to the industry would be done only in the event stock-pile materials were actually thrown on the market; whereas the fact

is that an actual dumping of Government-held stocks might do less harm than a continued, overhanging threat of such disposals.

Even though the threat never materialized, its existence would be an ever-present deterrent, tending to kill the initiative and to dry up the flow of enterprise capital upon which the continuation, let alone the expansion of mining activity is so dependent. As I said before, we have no thought that any of those who have actively shared the responsibility of gearing our production to the requirements of World War II, and have participated in the drafting of this legislation, would ever wish to give our industry cause for alarm; yet in the future, persons not possessed of this background—intent perhaps on some other laudable objective such as Government economy—might well fail to appreciate the necessity of keeping the stock piles inviolate, and of preserving that confidence on the part of mining men that is essential to our “basic stock pile”—a sound and healthy mining industry. To the end that our industry may be able to serve the Nation in any future emergency as it has in the past, we again urge that you avoid any threat of disposal through discretionary administrative action, and that Congress itself retain control of the stock piles.

There has been some discussion this afternoon as to the respective provisions of S. 752 and S. 1481 insofar as they provide direct aid or encouragement to the mining industry. It was indicated that there is little difference between the two bills in that respect. However, we are now looking at them from the standpoint of whether, through these disposal provisions, they will or will not do harm to the mining industry. We are not seeking special favors or subsidies of any kind, but we do want to be very sure that this legislation does not hurt the mining industry nor jeopardize its future.

We call your attention to the fact that Senator Thomas' bill, S. 572, contains in Section 7 certain safeguards which we feel are appropriate and which do not seem to impair the flexibility advocated by various witnesses today.

Turning to S. 1481, in an endeavor to apply these very necessary safeguards to that bill, we have certain amendments to suggest. In section 4 (a), on page 3, line 20, where it is provided that stock pile materials may be released * * * “(a) on order of the President at any time when in his judgment such release is in the interest of the national defense,” we suggest that that read, “* * * when in his judgment such release is required for purposes of the national defense.”

Immediately below that, after the phrase, “(b) in time of war or during a national emergency,” we suggest the insertion of “with respect to national defense.”

In the next line, add a comma after the word “President.”

Senator O'MAHONEY. What do you have in mind in making that change?

Mr. CONOVER. The purpose is to make it perfectly clear that the intention which now exists is to be carried out, that the stock piles are definitely for purposes of national defense. The words “in the interest of the national defense” seem to be very broad. They might be subject to misinterpretation. “For purposes of national defense” ex-

presses the undoubted intent, in fact this very phrase was, as I recall, used by Mr. Thorp just a few minutes ago.

In the following line, we think it should be made clear that the term "emergency" means an emergency with respect to national defense.

Senator O'MAHONEY. I might say that the constitutional phrase is "the common defense" not "the national defense," and I was under the impression that Senator Thomas has used the phrase "common defense."

Mr. CONOVER. We see no objection to that, sir.

In the next section, 4 (b), as you will note from my prepared statement, Senator, we propose that

Materials * * * as to which a revised determination has been made * * * by reason of a finding by the President that such materials have become obsolescent for use in time of war owing to technological changes shall be disposed of * * *

as set forth in that section, adding the requirement that the notice of any proposed disposition be published at least six months in advance, and that there be submitted to Congress at the same time a report setting forth the reasons for finding such material to be obsolescent.

At the end of that section, it should be made perfectly clear that this procedure applies only to materials which become outmoded or obsolete, thus meeting the contingency referred to by previous witnesses. A final sentence should be added, reading:

No material constituting a part of the stock piles may be disposed of under a revised determination for reasons other than obsolescence except with the express approval of the Congress.

We feel that any "revised" determination" which would involve the disposal of stock pile materials that are not obsolete raises important questions of basic policy, which should not be left to the discretion of an administrator or a board but should come to the Congress, which is directly responsible to the people for our policy in national defense.

These stock piles are more basic than battleships or bombers or any other element of our defense, and Congress itself should keep the key to the stock piles, not only to insure that they are not dissipated but to protect the future of the mining industry and permit it to develop along sound lines so that it can do its part in national defense.

In addition, we have several technical and clarifying amendments which are proposed in my statement here. I shall be glad to go into them as fully as you like, though I think you will find them self-explanatory.

Senator O'MAHONEY. I think those further suggestions which you have here are rather the subject of detailed studies than testimony here. I will have this part of your paper concerning amendments printed as part of the record as though you had delivered that.

Mr. CONOVER. I appreciate that, Senator.

(The matter referred to is as follows:)

The original stock-piling law, sponsored by Senator Thomas of Utah and approved June 7, 1939, recognized this principle in the following provision:

SEC. 4. Materials acquired under this Act except for rotation to prevent deterioration shall be used only upon the order of the President in time of war, or

when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.

S. 752, introduced by Senator Thomas on March 16 of this year, likewise provides, in section 7, for locking up the stock pile against a war emergency, with Congress retaining the key.

S. 1481, on the other hand, provides, in section 4, for a considerable range of administrative discretion in releasing materials from the stock pile. It permits the sale of such materials at any time when an "excess" is created by a "revised determination" by the administrative agency. These provisions raise all the objections which we have pointed out. Any "revised determination" that would involve the disposal of strategic materials also involves questions of basic policy which we believe should be referred to the Congress. We believe this section should be amended as follows (deleting the material shown in black brackets, and inserting the material in italics):

SEC. 4. (a) The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 5 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material ~~[which is no longer required to be stock piled for common defense pursuant to revised determinations under section 2 hereof]~~ *pursuant to subsection (b) hereof*, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is ~~[in the interest]~~ *required for purposes* of the national defense, or (b) in time of war or during a national emergency *with respect to national defense* proclaimed by the President, on order of such agency as may be designated by the President.

(b) Materials acquired under this Act ~~[shall be disposed of under a revised determination made pursuant to section 2 hereof]~~ *as to which a revised determination has been made pursuant to section 2 hereof by reason of a finding by the President that such materials have become obsolescent for use in time of war owing to technological changes shall be disposed of only after the submission to the Congress of a report setting forth the reasons for finding such material to be obsolescent and after the publication in the Federal Register of a notice of the proposed disposition.* Such notice shall state the amounts of the material proposed to be released, the plan of disposition proposed to be followed, and the date *(not earlier than six months after the submission of such report and the publication of such notice)* upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released, and the protection of producers, processors, and consumers against avoidable disruption of their usual markets. *No material constituting a part of the stock piles may be disposed of under a revised determination for reasons other than obsolescence except with the express approval of the Congress.*

As thus amended the section follows the principle established in the original 1939 act, that stock-pile materials be held exclusively for national defense purposes. It eliminates however, the original requirement that before the materials can be used the President must find that there is a "threat of war." With these amendments we believe that the administrative officers will have all the flexibility needed for the purposes of the act. Materials which become obsolescent for war purposes by reason of technological changes may be disposed of following suitable public notice—which should not be less than 6 months—and submission of a full report to the Congress—which can, if desired, be confidential in whole or in part. Otherwise, all stock-pile materials must be held for purposes of national defense except as Congress specifically authorizes their release.

We also suggest certain further amendments of a clarifying or technical nature, as follows:

Page 4, line 14, after "the purchase" insert "for the stock piles".

Page 5, line 10, after "dispose" insert ", subject to the provisions of section 4 (b) hereof,".

Page 6, line 23, after "make up" insert "during a 6 months' period following the approval of this Act." This is a clarifying amendment. It is assumed that transfers to the stock piles should be withheld only in the case of actual deficiencies within a reasonable period. Following such period it is anticipated that wartime controls will be removed and normal markets reestablished, obviating the need for any further withholding of transfers to the stock pile.

Page 7, line 6, after "authorized" insert "and directed". It would seem advisable to direct the conversion of strategic materials held by the Government into stock-pile form or quantity, as well as to authorize such necessary action.

Page 8, line 22, delete the period and insert:

; which does not consist of materials that, when determined to be surplus, would be required to be transferred to the stock piles under the Strategic Materials Stock Piling Act.

Line 24, substitute a colon for the period and add:

Provided, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to section 6 (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

These two amendments are designed to meet the situation created by removing the stock-piling provisions from the Surplus Property Act. The amendments make it clear that strategic materials which should be transferred under section 6 of S. 1481 should not be held or otherwise disposed of by the owning agencies when they in fact become surplus to their needs.

We have spoken of those provisions of S. 752 and of the act of June 7, 1939, which pertain to the release of stock-pile materials, and will retain control in the hands of Congress. May we invite your attention also to the "buy American" provisions contained in both S. 752 and the original 1939 act, but omitted in S. 1481, which provides specifically that purchases shall be made without reference to the "buy American" statutes. It is our understanding that the language of section 5 (b) of the Thomas bill, S. 752, was taken directly from a provision which was coming to the various drafts of a stock-piling bill prepared last year by the interested Government departments. We believe the viewpoint then expressed was sound, and that a suitable "buy American" clause should be incorporated in the pending legislation.

Senator O'MAHONEY. What is a suitable "buy American" clause?

Mr. CONOVER. A suitable "buy American" clause would be one which indicates—if I understand the "buy American" legislation correctly—in ordinary language, that other things being equal, the domestic producer should get the preference.

Senator O'MAHONEY. The provision in the Thomas bill, I think is satisfactory from your point of view.

Mr. CONOVER. I would say so, yes, sir; to give preference where it is not inconsistent with the national defense.

Senator O'MAHONEY. I asked a question this morning of Mr. Stein as to whether the provision of the Thomas bill, which permits the waiver of the "buy American" clause under certain circumstances, is not sufficient from all points of view.

Dr. THORP. I am afraid I have not studied that.

Senator O'MAHONEY. Let me read it to you again. It is on page 7 of S. 752, beginning at line 3:

Except where the Board determines that it would be inconsistent with the public interests, purchases under this act shall be made in accordance with the "buy American" statute.

Now, there is a clear right of waiver in the Board.

Dr. THORP. I am afraid I would have to argue that the "buy American" approach was inconsistent with the public interest. I realize that introduces a very lengthy debate, but from the point of view of the purposes for which the Department of State is now speaking, the expansion of foreign trade, I think we would be quite unhappy at having the policy the other way, permitting exceptions.

If you feel that one sometimes must play it one way and sometimes the other, we would be happier to have the general policy statement, one which recognized no general principals of domestic preference, but is permitted in some circumstances so the exception would be one way and the policy the other.

I am afraid that throws us into a very long discussion of foreign trade policy, which I would be delighted to get into.

Senator O'MAHONEY. Of course that discussion has been made over and over again. I think everybody is familiar with it, and we don't need to indulge it this afternoon.

Dr. THORP. You can see it is closely related to that whole problem.

Senator O'MAHONEY. As I pointed out this morning, one of the purposes of the Thomas bill, was to encourage the development of American sources of these materials, in the belief that that is in the common defense, and a highly necessary program.

It is a point that will have to be decided upon, of course, by the committee.

Dr. THORP. I would certainly not want to argue against the development of domestic sources. I would want to argue very strongly against the exhaustion of domestic sources which is the thing that worries me about a "buy American" program.

Senator O'MAHONEY. In the course of the war, we have, of course, distributed a lot of material all over the world. We have left a lot of scrap in France and in Germany. It may or it may not be surplus property abroad, the disposal of which has been transferred to the State Department.

Do you know whether anything is being done about that, or whether anything can be done about that?

What about all the shells that are scattered over the battlefield?

Mr. STEIN. I can give an answer to that which may be pertinent, if you like, Senator.

Senator O'MAHONEY. Yes; of course, Mr. Stein.

Mr. STEIN. The War Department has an advisory committee on scrap which has made an extensive tour of the European theater, and I believe also the Mediterranean theater, which is about to return, or

has just returned, and is about to make a report with recommendations on the proper disposition of that scrap.

The War Department will then, in conjunction with the Surplus Property Administrator, and the State Department arrive at the proper decision, which may be different for different materials.

Senator O'MAHONEY. There is a vast amount and apparently a studied effort is being made to find out how much there is, and the policy will be determined with respect to its disposal.

Mr. STEIN. That is correct, sir.

Senator O'MAHONEY. We are not overlooking the scrap?

Mr. STEIN. No; there is a special study being made of the scrap.

Senator O'MAHONEY. Mr. Conover, is there anything more you want to say?

Mr. CONOVER. There are a good many other angles on this which are of interest to us, but we have tried to conserve time and not get away from the main point.

We feel that if the stock piles are made subject to discretionary disposition for other than defense purposes, the legislation will largely defeat its own ends. For the limited stock piles that it is practical to accumulate we will then have jeopardized our main line of defense—a healthy and “going” mining industry. We cannot emphasize too strongly that Congress should retain the key to the stock pile; and with the amendments that we have urged, we believe this legislation will then accomplish its purpose, and will permit the continuance of a vigorous producing mining industry such as you have advocated today.

Senator O'MAHONEY. Were releases from stock piles contained in the original Thomas Act?

Mr. CONOVER. No, sir. The Thomas Act of 1939 provided that except for rotation to prevent deterioration, materials should be used “only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.”

The provisions of S. 1481, with the amendments we have suggested, would obviate the necessity for declaring the existence of a “threat of war,” thus giving greater flexibility in that respect; they would also provide flexibility to adjust the stock piles by disposing of materials that become obsolete.

Senator O'MAHONEY. What about the question of obsolescence?

Mr. CONOVER. That is taken care in the amendments we have suggested. Specific approval is not required from Congress as to materials which become obsolete. There is a 6 months' notification, and the submission of a report to Congress, following which if no action is taken by the Congress, the administrator is free to go ahead and dispose of them.

Senator O'MAHONEY. Your theory then is that the stock pile should be retained absolutely and in all events for the common defense, unless Congress releases it?

Mr. CONOVER. Or unless materials become obsolete, in which case a report shall be made, but no action by Congress is required.

Senator O'MAHONEY. And the theory of S. 1481 on the other hand is that in the interest of flexibility, the President shall have the au-

thority at any time to determine what is obsolescent or obsolete, and he may release materials from the stock pile regardless actually of that.

Mr. CONOVER. Plus, Senator, that in the event of a revised determination, even though it was not for obsolescence, the materials could be disposed of for any reason whatsoever.

Senator O'MAHONEY. Yes; I said that, for any reason in his judgment he may release materials from the stock pile. Is that correct?

Mr. STEIN. He may release it pursuant to a revised determination and the determination in here is also the determination of stock-pile goals in the interest of national defense. Therefore if there is to be a release, it would be confined to materials which it is determined are no longer needed for national defense.

Senator O'MAHONEY. That would be the judgment of the President on the advice of the Board, or whatever it is called?

Mr. STEIN. That is right.

Senator O'MAHONEY. And it would be a fluid condition; it might be changed from time to time. Is that not correct?

Mr. STEIN. Yes; it could be changed when a revised determination was made, and there is no fixed period on that.

Senator O'MAHONEY. And that determination could be made without the knowledge of Congress?

Mr. STEIN. Well, it would not be without the knowledge of Congress, but it would be without requiring formal submission to Congress, or action by Congress. It would be published in the Federal Register, and actually made public in that way.

Senator O'MAHONEY. And that publication in the Register is the only notice that Congress or industry would have with respect to it?

Mr. STEIN. That is correct.

Senator O'MAHONEY. Your feeling is that that would be sufficient to guard against disadvantageous effects upon industry?

Mr. STEIN. Yes, Senator; I think so.

Senator O'MAHONEY. Mr. Conover?

Mr. CONOVER. Our feeling is definitely to the contrary sir. It is the feeling of the industry that that would not guard against the disadvantageous effects. It would be like a gun rolling around the deck of a ship in a high sea. We would never know when or where it was going to hit.

Mr. BORCHARDT. Where the element of obsolescence is not involved, or a change of determination, there is no disagreement as I understand it now between the Administration's point of view and your organization as to the power of the President when at any time in his judgment such release is necessary in the interest of the common defense.

Mr. CONOVER. For the purpose of the common defense, that is correct. The stock piles are for the national defense and should be used exclusively for that purpose. Any release for purposes other than national defense should be safeguarded in the manner that we have suggested.

Senator O'MAHONEY. Are there any other questions?

Did you care to add something, Mr. Adkerson?

Mr. ADKERSON. Yes.

STATEMENT OF J. CARSON ADKERSON, PRESIDENT, AMERICAN MANGANESE PRODUCERS ASSOCIATION

Mr. ADKERSON. I am J. Carson Adkerson, President of the American Manganese Producers Association, which is composed of the majority of the manganese producers in the United States.

I have been in the manganese industry for 30 years.

I appeared on behalf of this legislation when it was originally passed in 1939; I presented a petition to the President in 1934, and naturally, have a deep interest in this legislation.

I appear now primarily in support of Mr. Conover's testimony.

Mr. Barker has already spoken and there is very little I can contribute except to add my support to what they have said.

We are primarily interested in the application of the "buy American" provision of Senator Thomas's bill, S. 752. We hope that provision will be carried in the new bill that is to be passed.

There is one other thing I might say on that.

The inference here is that this bill would be sticking our neck out in the "buy American" provision.

If my memory serves me correctly, that "buy American" provision is title III of the Treasury-Post Office Appropriation act of 1933, and is a law within itself, and applies to all Government purchases.

When the committee had it under consideration in 1939, the idea was prevalent that the original law covered this anyway, whether it was expressed or not expressed; but the sentiment was so strong that one of the primary provisions of the stock-piling bill was to stimulate domestic development, and the sentiment of the committee was to reassert it in that bill, which was done.

I think you will find that is correct.

The law asserts that in any and all purchases the "buy American" law shall prevail.

Rather than sticking our necks out here now in this particular bill, it is simply reasserting a law that is on the books regardless, and I hope it will be maintained.

Thank you.

Senator O'MAHONEY. Thank you, sir. Is there anything else to be added? Dr. Leith, have you any additional comment?

Dr. LEITH. No.

Mr. STEIN. Would you like a form of words for the record which would carry that tariff-free provision that Dr. Thorp and I just spoke about? I have such a form of words here, if you would like to have it.

Senator O'MAHONEY. We would be glad to have it in the record.

Mr. STEIN. I will hand that to the reporter.

Senator O'MAHONEY. Thank you.

(The form of words referred to reads as follows:)

(To be added to section 9:)

Strategic materials purchased from foreign sources and brought within the United States under the provisions of section 5 hereof shall be admitted free of any tariff duty, import tax, or other impost applicable to importations.

Senator O'MAHONEY. There being nothing else, the hearing is adjourned.

I thank you all, gentlemen, very much for your presentations.

(Whereupon, at 4 p. m., the committee was adjourned.)

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued November 30, 1945, for actions of Thursday, November 29, 1945)

(For staff of the Department only)

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HIGHLIGHTS: House continued debate on 1st deficiency appropriation bill; agreed to Rep. Elliott's amendment continuing availability of current appropriations and providing \$14,000,000 additional for farm-labor program after committee version had been stricken on a point of order; debated Rep. Snyder's amendment providing for flood-control projects. Sen. Wheeler submitted amendment to UNRRA appropriation bill to require competitive bidding in acquisition of agricultural commodities. Rep. Domengeaux criticized OPA's administration of sugar situation.

HOUSE

1. FIRST DEFICIENCY APPROPRIATION BILL, 1946. Continued debate on this bill, H.R. 4805 (pp. 11362-407).

Agreed to Rep. Elliott's (Calif.) amendment to continue availability of current farm-labor appropriations until Dec. 31, 1946, and to provide \$14,000,000 additional for that purpose (p. 11371), after the committee version had been stricken on a point of order by Rep. Case, S. Dak. (p. 11370); Rep. Wigglesworth's amendments to strike items for Foreign and Domestic Commerce for salaries and expenses and for field office service (pp. 11374-3); ^{and} Rep. Taber's (N.Y.) amendment to reduce from \$3,250,000 to \$1,970,000 the amount available for the Census Bureau for consumers' income studies, quarterly expansion of the labor force, and sample census of population (pp. 11370-1).

Rejected Rep. Coffee's (Wash.) amendment to provide for a Motor Vehicle Parking Agency (by a 17-53 vote) (pp. 11368-9); and Rep. D'Ewart's (Mont.) amendment to increase from \$480,000 to \$2,000,000 the amount for the Fort Peck project, Mont., to expand power facilities (pp. 11376-7).

On a point of order by Rep. Robinson, Utah, the provision that receipts from irrigation projects through the Bureau of Reclamation shall be covered into the general fund until it has been reimbursed in full for allocation and appropriations made to projects, except when provided otherwise by law, was stricken (p. 11373).

Rep. Cannon, Mo., spoke urging economy in appropriations and expenditures (pp. 11362-3). Rep. Woodrum, Va., claimed that immediate institution of a public-works program might have an adverse effect on the farm-labor supply (p. 11365). Rep. Tarver, Ga., criticized elimination of flood-control items from the bill (p. 11367). Rep. Rich, Pa., spoke favoring postponement of flood-control work in view of the national budget deficit (p. 11368). Several members discussed, reclamation, power supply, and REA distribution of power (pp. 11374-80).

2. SUGAR INDUSTRY. Rep. Domengeaux, La., criticized OPA's administration of the sugar situation and commended Louisiana's sugar-industry war record(pp.11409-11).
3. LEGISLATIVE PROGRAM. Agreed to Rep. Cannon's (Mo.) request to make the conference report on the UNRRA-appropriation bill the next order of business(p.11407). Majority Leader McCormack stated that the UNRRA conference report will be followed by the conference report on H.R. 694, to discontinue land-grant freight rates; H.R. 4780, Second War Powers Act amendment; and H.R. 4571, First War Powers Act amendment (p. 11362).
4. EXPENDITURES. Rep. Sumner, Ill., criticized expenditures resulting from the "New Deal program" (pp. 11408-9).

SENATE

5. UNRRA APPROPRIATIONS. Sen. Wheeler, Mont., submitted his amendment which he intends to propose to H. J. Res. 266, the UNRRA-appropriation bill, to prohibit the use of funds for the purchase of agricultural commodities until after advertisement for proposals and competitive bidding (pp. 11338-9).
6. CLAIMS AND JUDGMENTS. Received appropriation estimates for claims allowed by GAO, judgments, and claims for damages to privately owned property (S. Docs.106, 111,108, 110, 112, 113, 114, and 115). To Appropriations Committee. (p. 11338.)
7. GOVERNMENT REORGANIZATION. Agreed to Sen. McCarran's (Nev.) request that Sen. Smith, N.J., be named (replacing Sen. Ferguson, Mich.) as a minority conferee on H.R. 4129, the reorganization bill (p. 11339).
8. MINERALS. The Military Affairs Committee reported with amendment S. ~~572~~⁷⁵², relating to the acquisition of stocks of strategic and critical materials for national defense purposes (S. Rept. 804) (p. 11338).
9. EDUCATION. Received a National Assn. of State Universities resolution favoring establishment of a joint Congressional committee to formulate principles of Federal and State relationship in educational administration (p. 11338).
10. FOREIGN AFFAIRS. Continued debate on S. 1580, to provide for the appointment of U.S. representatives in the organs and agencies of the United Nations and to make other provision for U. S. participation in such organization(pp. 11339, 11346-58).
11. NOMINATIONS. Received the nominations of Lynn U. Stanbaugh to be a member of the Export-Import Bank Board of Directors and Wm. E. Lee and Wm. J. Patterson to be Interstate Commerce Commissioners (p. 11359).

BILLS INTRODUCED

12. NATURAL RESOURCES. S. 1634, by Sen. McCarran, Nev., to establish a national natural resources policy, to create a Natural Resources Council, and to provide for a natural resources inventory. To Public Lands and Surveys Committee. (p. 11338.) Remarks of author (pp. 11345-6).
13. HOUSING. S. J. Res. 122, by Sen. Mead, N. Y., to amend Sec. 502 of the National Housing Act so as to authorize an additional appropriation for veterans housing. To Education and Labor Committee. (p. 11338.)
H. R. 4858, by Rep. DeLacy, Wash., to amend the National Housing Act so as to stimulate private home building in the low-priced field and facilitate home



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Senate

(Legislative day of Monday, October 29, 1945)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rt. Rev. Msgr. E. J. Flanagan, founder and director of Boys Town, Nebr., offered the following prayer:

We are this day in the presence of Almighty God, our Lord and Creator, and, with humble and contrite hearts, recognize our entire dependence upon Him.

Dear Lord, help us to pay proper homage and reverence to Thee. We thank Thee for all the graces and blessings Thou hast bestowed upon us as individuals and as a body representative of a great nation. We know it is only through Thee, dear Lord, that we can worthily observe the duties and responsibilities that are expected of us as a properly constituted body to insure peace and tranquillity to our Nation and restore order out of chaos in this postwar era.

There are many perplexing problems, dear Lord, that are disturbing our national and world peace. These come from conflicting powers, with sufficient influence that they are capable of upsetting the much-bewildered minds of our people. There are many selfish interests at the bottom of those disturbing factors.

Dear Lord, if our Nation is to continue to be great and to maintain its leadership among the distressed and wearied nations of this war-torn world, it must eliminate selfishness and greed from its citizenry, and base its strength and virility on that great foundation of love—love for Thee, O Lord, and love for our fellow man, for Thy sake. With love and sacrifice, wounds will be healed, injustice rectified, human dignity upheld, and peace secured under the moral guidance of Thy Commandments.

May the God of love inspire this splendid body of the Senate and guide it in the solution of its many and important problems, that this great Nation may be blessed and become an outstanding example by dispensing Christian love and Christian justice to its people. True democracy, guided by such spiritual principles, is the only safe and sane solution

for world peace and world security. All this we ask through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, November 28, 1945, was dispensed with, and the Journal was approved.

GREETINGS TO FATHER FLANAGAN AND BOYS FROM BOYS TOWN, NEBR.

Mr. WHERRY. Mr. President, I know that I speak the sentiments in the heart of every Member of the Senate this morning in extending a greeting to the man who has done such distinguished work for the boys of America. Monsignor Flanagan is well known to the people of this country, and his name has gone around the world. It so happens that the institution over which he presides is located at Omaha, Nebr., but it is not a State institution; it is a national institution, and it is the product of the life and love of a great man and a great American.

We also have with us Capt. P. J. Norton, the superintendent of the Boys Town school, and there are in the gallery members of the Boys Town football team. I am sure the Senate joins with me in welcoming Father Flanagan, Captain Norton, and the boys from Boys Town who are in our presence this morning.

I ask the senior Senator from Nebraska, who I think is as close to and as intimate with the distinguished monsignor as anyone in our State and in the Nation, if he will present Monsignor Flanagan, Captain Norton, and the boys, not only to Members of the Senate but to those in the gallery.

Mr. BUTLER. Mr. President, it has been my privilege on a previous occasion to welcome to the Senate Chamber a group of boys from Boys Town, Nebr., under the leadership of Monsignor Flanagan—Father Flanagan to me and to those who know him in Omaha and throughout the country. It is again a distinct pleasure and privilege to present them to the Members of the Senate of

the United States. I will ask the boys who are in the gallery to rise. They represent not only the school itself but the school represents practically every State in the Union, for at Boys Town there are boys from almost every State as well as from countries abroad. Boys, will you please stand?

(The group of boys from Boys Town rose from their seats in the gallery.)

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1308. An act to amend article 6 of the Articles for the Government of the Navy; and

S. 1364. An act to provide for the compromise and settlement by the Secretary of the Navy of certain claims for damages to property under the jurisdiction of the Navy Department, to provide for the execution of releases by the Secretary of the Navy upon payment of such claims, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on November 28, 1945, he presented to the President of the United States the following enrolled bills:

S. 1097. An act to establish the status of funds and employees of the midshipmen's store at the United States Naval Academy;

S. 1215. An act to reimburse certain Marine Corps personnel and former Marine Corps personnel for personal property lost in the disaster to the steamship *Maasdam* on June 26, 1941;

S. 1459. An act to provide for the extension of certain oil and gas leases; and

S. 1494. An act to exempt Navy or Coast Guard vessels of special construction from the requirements as to the number, position, range, or arc of visibility of lights, and for other purposes.

EXECUTIVE COMMUNICATIONS

The PRESIDENT pro tempore laid before the Senate the following communications, which were referred as indicated:

SUPPLEMENTAL ESTIMATE—LEGISLATIVE BRANCH, UNITED STATES SENATE (S. Doc. No. 100)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative branch, United States Senate, fiscal year 1945, amounting to \$15,000 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—LEGISLATIVE BRANCH, UNITED STATES SENATE (S. Doc. No. 101)

A communication from the President of the United States transmitting a supplemental estimate of appropriation for the legislative branch, United States Senate, fiscal year 1946, amounting to \$400,000 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—DEPARTMENT OF JUSTICE (S. Doc. No. 102)

A communication from the President of the United States transmitting a supplemental estimate of appropriation for the Department of Justice, fiscal year 1946, amounting to \$29,350 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES—BUREAU OF THE BUDGET (S. Doc. No. 103)

A communication from the President of the United States transmitting supplemental estimates of appropriation for the Bureau of the Budget, fiscal year 1946, amounting to \$61,800 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGE TO ROADS AND HIGHWAYS OF STATES (S. Doc. No. 109)

A communication from the President of the United States transmitting, pursuant to law, an estimate of appropriation submitted by the Roads Administration to pay claims for damage to roads and highways of States or their subdivisions amounting to \$176,660.86 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—DEPARTMENT OF THE INTERIOR (S. Doc. No. 104)

A communication from the President of the United States transmitting a supplemental estimate of appropriation for the Geological Survey, Department of the Interior, fiscal year 1946, amounting to \$15,000, to remain available until June 30, 1947 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—PUBLIC HEALTH SERVICE (S. Doc. No. 105)

A communication from the President of the United States transmitting a supplemental estimate of appropriation for the Public Health Service, Federal Security Agency, fiscal year 1946, amounting to \$2,000,000, together with an amendment to House Document 340, in the revised amount of \$605,000, for the Foreign Quarantine Service (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY THE GENERAL ACCOUNTING OFFICE (S. Doc. No. 106)

A communication from the President of the United States, transmitting, pursuant to law, estimates of appropriation amounting to \$3,042,831.27, to cover claims allowed by the General Accounting Office and for the services of the several departments and independent offices (with accompanying pa-

pers); to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES SUBMITTED BY THE WAR DEPARTMENT (S. Doc. No. 107)

A communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation submitted by the War Department to pay claims for damages to or loss or destruction of property or personal injury or death, amounting to \$158,482.52, and requiring an appropriation for their payment (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY UNITED STATES DISTRICT COURTS (S. Doc. No. 111)

A communication from the President of the United States, transmitting pursuant to law, records of judgments rendered against the Government by United States district courts, as submitted by the Department of Justice through the Treasury Department, and which require an appropriation of \$20,040.24, together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO OR LOSSES OF PRIVATELY OWNED PROPERTY (S. Doc. No. 108)

A communication from the President of the United States, transmitting, pursuant to law, estimates of appropriation submitted by the several executive departments and independent offices to pay claims for damages to or losses of privately owned property, amounting to \$38,181.15 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIM ALLOWED BY THE GENERAL ACCOUNTING OFFICE (S. Doc. No. 110)

A communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation for payment of a certain claim allowed by the General Accounting Office, amounting to \$31.18 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

JUDGMENT RENDERED AGAINST THE GOVERNMENT BY A UNITED STATES DISTRICT COURT (S. Doc. No. 112)

A communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation for payment of a judgment rendered against the Government by a United States District Court, amounting to \$35,144.95, together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIM FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. Doc. No. 113)

A communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation submitted by the Department of Justice to pay a claim for damages to privately owned property, amounting to \$37.50 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. Doc. No. 114)

A communication from the President of the United States, transmitting, pursuant to law, a schedule of judgments rendered by the Court of Claims which has been submitted by the Treasury Department, amounting to \$63,018.62 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PROPOSED PROVISION RELATING TO A JUDGMENT RENDERED AGAINST THE GOVERNMENT BY THE COURT OF CLAIMS (S. Doc. No. 115)

A communication from the President of the United States, transmitting a proposed

provision relating to a judgment rendered against the Government by the Court of Claims in favor of Alfred Oscar Schaffer, amounting to \$4,171.10 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PETITIONS

Petitions were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

The petition of Willis F. Kern, professor of mathematics, United States Naval Academy, Annapolis, Md., praying for a revision of certain amendments to Senate Joint Resolution 69, to provide for the preparation and publication as an official document of railroad cost scales or tables and related information, and that he be notified of the date set for public hearing; to the Committee on Interstate Commerce.

A resolution adopted by the National Association of State Universities, held in the State of Kansas, favoring the establishment of a joint committee of Congress to formulate sound principles of Federal and State relationship in educational administration for the guidance of Congress in the consideration of proposals for Federal participation in educational planning and support; to the Committee on Education and Labor.

By Mr. CAPPER:

A petition from the Marion County organization, American Legion, Department of Kansas, praying for the enactment of legislation providing for peacetime compulsory military training; to the Committee on Military Affairs.

REPORT OF A COMMITTEE

Mr. O'MAHONEY, from the Committee on Military Affairs, to which was referred the bill (S. 572) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, reported it with an amendment and submitted a report (No. 804) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. McCARRAN introduced Senate bill 1634, to establish a national natural resources policy; to create a Natural Resources Council, to provide for a natural resources inventory, and for other purposes; which was referred to the Committee on Public Lands and Surveys, and appears under a separate heading.)

By Mr. HAYDEN (for Mr. McFARLAND): S. 1635. A bill for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

By Mr. MEAD:

S. J. Res. 122. Joint resolution to amend section 502 of the act entitled "An act to expedite the provisions of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, to authorize an additional appropriation for the purpose of providing housing for distressed families of servicemen and for veterans and their families; to the Committee on Education and Labor.

APPROPRIATION FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION—AMENDMENT

Mr. WHEELER submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 266) making an additional appropriation for the United Nations Relief and Rehabilitation

STOCK PILING

NOVEMBER 29 (legislative day, OCTOBER 29), 1945.—Ordered to be printed

Mr. O'MAHONEY, from the Committee on Military Affairs, submitted the following

REPORT

[To accompany S. 752]

Your committee, to whom were referred the bills S. 752 and S. 1481, to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, and the bill S. 1522, to regulate the disposition of accumulations of strategic and critical materials, having considered the same, unanimously report favorably the bill S. 752 with an amendment, and recommend speedy passage as amended in order to meet a great need for the legislation before the end of the year.

NEED FOR STOCK-PILING LEGISLATION

The act of June 7, 1939, which the present bill reported favorably by your committee is intended to amend, has been regarded as inadequate not only by affected industries but by Government agencies operating under it.

Additional legislation affecting stock piling is contained in section 22 of the Surplus Property Act of 1944 (Public Law 457, 78th Cong.). This section stipulates that the Surplus Property Administration, after 1 year from the submission of the recommendations of the Army-Navy Munitions Board respecting the maximum and minimum amounts of each strategic mineral or metal to be stock-piled, unless the Congress provides otherwise by law, may authorize the proper disposal agencies to dispose of any Government-owned accumulations of strategic minerals and metals when determined to be surplus pursuant to the Surplus Property Act. The report of the Army-Navy Munitions Board referred to above was submitted to the Congress on January 2, 1945. Therefore, on January 3, 1946, the Surplus Property Administrator, pursuant to section 22 of the Surplus Property Act, would be free to authorize the disposal of strategic minerals and metals which have been determined to be surplus.

The bill, as amended, reported favorably by your committee, is intended to combine in a single and comprehensive piece of legislation all of the features desired by and acceptable to both the Government departments concerned and the mineral and mining industry. Your committee, through its Subcommittee on Surplus Property Disposal, held extensive hearings in the course of which the views were ascertained of Government departments and industry with respect to stock-piling legislation, and substantial agreement was achieved resulting in the amendment to S. 752 reported favorably by your committee.

The need for stock piling of strategic and critical materials was recognized by Congress prior to the entry of the United States into World War II by the passage of the act of June 7, 1939, which the present stock-piling bill herein reported favorably by your committee is intended to amend. As long ago as December 24, 1919, in a report to the President, Mr. Bernard M. Baruch, as the result of the trying experiences of World War I, urged that steps be taken at once to assure adequate supplies of raw materials for any future emergencies. It was not until 1938 that a small appropriation of \$4,000,000 was made to the Navy for the purchase of strategic materials, followed in 1939 by the enactment of the present law and by an appropriation of \$100,000,000 to be spent by the Procurement Division of the Treasury.

The accumulation of the stock pile got under way very slowly. When war broke out in Europe certain sources of supply were closed, shipment was tight and prices were soaring, and only a small percentage of the materials thought to be needed had been accumulated. Some of the materials, as for example, tin, could not then be acquired. The delay, confusion, and exorbitant cost was in many ways a repetition of the experience of the United States in the First World War. These two experiences are the compelling reason to enact now legislation to assure preparedness in case of another emergency.

The need is greater now than ever because the tremendous consumption of strategic materials during the recent war effort has resulted, according to the Department of the Interior, in an appalling depletion of our own domestic resources. It is essential to take steps now to recoup our losses not only by the acquisition of adequate stock piles but by the development of new sources of domestic supply.

While your committee supports in every way the effort to create an effective United Nations Organization for the preservation of peace, it believes that the security of the United States requires the maintenance of an adequate stock pile. An adequate stock pile must be built up and maintained because mineral and other raw materials are the very foundation of the industries which more perhaps than anything else have enabled these United States to win the victory in World War II.

EXPLANATION OF COMMITTEE AMENDMENT

OBJECTIVES OF BILL

Section 1 of the bill states that the basic policy of the act is to prevent dependence of the United States in times of emergency upon foreign sources of supply of strategic and critical materials required for the common defense. This objective is to be attained by developing domestic sources of supply where possible and by creating stock

piles of such materials which are not present in sufficient quantities in the United States, or which cannot be supplied in sufficient quantities during an emergency period:

STRATEGIC MATERIALS STOCK-PILING BOARD

Section 2 authorizes the President to establish a Strategic Materials Stock-Piling Board in whichever agency of the Government he may designate. The Board is to consist of a chairman to be appointed by and with the advice and consent of the Senate who is to receive a salary of \$10,000 per annum, and the Secretaries of State, Treasury, War, Navy, Interior, Agriculture, and Commerce, or their representatives.

The Chairman is authorized to appoint officers and employees as necessary to carry out his duties, and his appointment of engineers and certain experts may be made without regard to the restrictions of the civil-service laws and Classification Act of 1923.

The Chairman is authorized to carry out his duties through the various Government agencies which are to be reimbursed for expenses incurred thereby out of funds appropriated under the act.

The Chairman is directed insofar as possible to appoint and consult with industry advisory committees made up of representatives of the industries producing the materials involved with respect to the purchase, sale, and handling of materials. The act permits members of these committees to obtain reimbursement up to \$10 per diem and expenses.

DETERMINATIONS BY THE PRESIDENT

Section 3 provides that the President, acting on the advice of the Board, is to make periodic determinations as to which materials are to be stock-piled; the required quality and quantity of these materials, and the dates by which these quantities are to be acquired. This authority may be delegated by the President.

DUTIES OF THE CHAIRMAN

Section 4 establishes the duties of the Chairman, who is generally to supervise actual stock-piling operations. In summary his duties are as follows:

(a) To direct the purchase of materials of the necessary quality and quantity and within the time limit established by the President's determinations. The Chairman is required so far as possible to obtain materials in excess of the current needs of industry and at a price not greater than current open market price. Purchases are to be made in accordance with title III of the act of March 3, 1933 (which provides, with certain exceptions, that sources of supply within the United States shall be used), unless it is clear that this would contravene the basic policy of the act. The Chairman is freed from the restrictions of section 3709 of the revised statutes, which provides that purchases shall be made only following advertisements and bids:

(b) To provide for the storage, security, and maintenance of materials in the stock pile in appropriate Government establishments or elsewhere.

(c) To provide through regular commercial channels for the refining or processing of any available material into the form best suited for stock piling.

(d) To provide for the rotation of those strategic materials in the stock pile which are subject to deterioration.

(e) To dispose of any materials in the stock pile which are no longer needed because of a revised determination by the President as to the types or quantities of materials required for the common defense. The Chairman is required to transmit to Congress and publish in the Federal Register at least 6 months before the actual date of disposition a notice stating the reasons for the revised determinations, the amount of materials to be released, the plan of disposition which he proposes to follow and the date upon which the materials will be available. The plan of disposition must avoid so far as possible any loss to the United States or any threat to disrupt the normal markets of producers, processors, and consumers. Except in cases where the revised determination is based on the obsolescence of the particular material for use in time of war, no stock-piled materials may be disposed of without the express approval of the Congress.

(f) To submit reports to Congress twice a year, detailing operations under the act.

RELEASE OF MATERIALS FROM STOCK PILE

Section 5 requires that except for rotation or disposition because of revised determinations, materials in the stock pile can be released only by (1) an order of the President when he finds that a release is needed for purposes of common defense, or (2) in time of war or a national emergency, on the order of such agency as the President may designate.

STOCK PILING OF GOVERNMENT SURPLUS MATERIALS

Section 6 requires that materials belonging to the United States Government, including materials received in exchange for lend-lease aid, and surplus to the needs of the owning agency, are to be transferred to the stock piles up to the stock-pile limit for such materials. Four exceptions are made: Contractor inventory, material necessary to make up a deficiency in the supply for current industrial requirements, quantities so small as to make transfer impractical; and materials which cannot be economically converted to meet stock pile requirements. The total transfers of surplus material made during the fiscal year beginning more than 1 year after enactment of the bill are limited to an amount equal in value to the amount fixed by the appropriation act or acts relating to stock piling.

Transfers of surplus material made by Government agencies to the stock pile are to be made without reimbursement except that transfers from the RFC and its subsidiaries are to be accompanied by cancellation of notes of the RFC in an amount equal to the value of the materials transferred.

Section 6 also repeals section 22 of the Surplus Property Act which deals with stock piling of surplus material, and which provides for the mandatory stock piling of certain materials declared surplus before January 3, 1946.

EXPLORATION AND DEVELOPMENT ACTIVITIES OF SECRETARIES OF
AGRICULTURE AND INTERIOR

Section 7 directs the Secretary of the Interior and the Secretary of Agriculture to make technologic and scientific investigations designed to explore and demonstrate the extent and quality of domestic sources of strategic materials and their substitutes.

APPROPRIATIONS

Section 8 authorizes appropriations from time to time for administration of the act.

DISPOSITION OF FUNDS

Section 9 provides that funds received as a result of disposition of stock-piled materials, other than funds received from rotation of stock, are to be covered into the Treasury.

TARIFF

Section 10 provides that strategic materials for the stock pile purchased abroad may be admitted to the United States duty free. However, in any subsequent sale of such materials where the selling price is based on cost to the United States, the price is to include the duty which would be chargeable were the material imported at the time the sale was made.

EXCLUSION OF PETROLEUM

Section 11 excludes petroleum and petroleum products from the coverage of the act.

SPECIAL FEATURES OF COMMITTEE AMENDMENT

The committee desires to call attention to two special features contained in the committee amendment, namely, the "buy American" and release provisions contained in section 4 of the committee amendment.

The "buy American" provision directs the Chairman to purchase strategic materials in accordance with the "buy American" provisions of title III of the act of March 3, 1933, except where the Chairman, with the advice of the members of the Board, determines that the objectives set forth in section 1 of the act cannot thereby be achieved. This provision calls attention to the dual objectives of the proposed stock-piling legislation, (1) to provide for the acquisition and retention of strategic materials from foreign sources, and (2) to develop sources of these materials within the United States. The committee felt that it must be left to the discretion of the Chairman, with the advice of the members of the Board, to determine when purchase of strategic materials from domestic sources will encourage the conservation and development of such sources and when it will tend to deplete such sources.

The release provision prohibits the disposition of materials no longer needed until 6 months after publication in the Federal Register and transmission to Congress of a notice of the proposed disposition.

Except where the materials in question are no longer needed by reason of obsolescence of such materials for use in time of war, express approval of the Congress of such disposal is required.

This provision is designed to protect producers and traders against sudden disposals of strategic materials no longer needed in such quantities as might break the market. In all instances, therefore, notice to Congress is required. No affirmative action by Congress is required where materials have been determined to be obsolescent for one or more purposes for use in time of war. Where, however, such materials are no longer needed for reasons other than obsolescence, express approval by the Congress prior to disposal is required.

The amendment recommended by the committee in the nature of a substitute reads as follows—

That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) The President shall establish, within such agency of the Government as he shall designate, a Strategic Materials Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a Chairman (hereinafter referred to as the Chairman), to be appointed by the President, by and with the advice and consent of the Senate, and the following members with whom the Chairman shall advise and consult: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The Chairman shall receive a salary of \$10,000 per annum and is authorized, within the limits of funds which may be made available, to appoint and fix the compensation of such officers and employees, and to make such expenditures for supplies, facilities, and services, as may be necessary to carry out the functions of the Chairman and the Board under this Act. Without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, the Chairman may appoint such engineers and other experts as may be necessary to carry out his functions. Upon the request of the Chairman, the head of any agency may detail personnel in his agency, including commissioned officers and enlisted personnel in the armed forces, for service under this Act subject to the direction of the Chairman.

"(b) The Chairman may perform the duties and functions imposed upon him under this Act through such agencies, acting under his direction, as he may designate, and the Chairman shall reimburse such agencies for any expenditures so incurred and for any services so performed out of the funds available to him under this Act.

"(c) To the fullest extent practicable, the Chairman shall appoint industry advisory committees selected from the industries concerned with the materials to be stock-piled. It shall be the general function of the industry advisory committees to advise with the Chairman and the Board with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Chairman, plus necessary traveling and other expenses while so engaged.

"SEC. 3. To effectuate the policy set forth in section 1 of this Act, the President with the advice of the Board, shall determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials needed to effectuate the purposes of this Act, and (3) the dates by which such quantities should be acquired. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

"SEC. 4. The Chairman, with the advice of the members of the Board shall—

"(a) direct the purchase of strategic materials pursuant to the determinations as provided in section 3 hereof, which shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and at a price not in excess of the current open market price;

"Such purchases shall be made with due regard to the objectives set forth in section 1 of this Act, and except where the Chairman with the advice of the members of the Board, shall determine that the objectives cannot thereby be achieved, purchases under this Act shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. Where the Chairman finds that the domestic production of any materials is economically feasible he may direct the purchase of such material without requiring the vendor to give bond.

"(b) provide for the storage, security, and maintenance of strategic materials for stock-piling purposes on military and naval reservations or other locations, approved by the Chairman;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when he deems such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revision of a determination made pursuant to section 3 of this Act, as hereinafter provided;

"No such disposition shall be made until six months after publication in the Federal Register and transmission to Congress of a notice of the proposed disposition. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets; *Provided:* That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war.

"(f) submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation;

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 4 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 4 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the Chairman, every material determined by the President to be strategic pursuant to section 3 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 3 hereof.

The Chairman shall exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory; (2) such amount of any material as the Chairman, with the advice of the members of the Board, determines (i) to be necessary to make up any deficiency of the supply of such material for the current requirements of industry; (ii) are held in lots so small as to make the transfer thereof economically impractical; or (iii) do not meet, or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 3 of this Act. The total material transferred to the jurisdiction of the Chairman in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Chairman on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available to the Chairman, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Chairman of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"“(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

- “(1) any property which is damaged or worn beyond economical repair;
- “(2) any waste, salvage, scrap, or other similar items;
- “(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic Materials Stock Piling Act, to the stock piles established pursuant to that Act.”

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided:* That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural materials determined by the

President pursuant to section 3 of this Act to be strategic and critical, or substitutes therefor.

"SEC. 8. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the provisions of this Act until expended and (exclusive of sums allocated for the purposes of section 7) shall be expended under the direction of the Chairman.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"SEC. 10. Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this Act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 4 of this Act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.

"SEC. 11. For the purposes of this Act the term 'strategic materials' shall not include petroleum or petroleum products.

"SEC. 12. This Act may be cited as the 'Strategic Materials Stock Piling Act'."



Calendar No. 812

79TH CONGRESS
1ST SESSION

S. 752

[Report No. 804]

IN THE SENATE OF THE UNITED STATES

MARCH 16, 1945

Mr. THOMAS of Utah introduced the following bill; which was read twice
and referred to the Committee on Military Affairs

NOVEMBER 29 (legislative day, OCTOBER 29), 1945

Reported by Mr. O'MAHONEY, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended,
relating to the acquisition of stocks of strategic and critical
materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is hereby amended to read as follows:

5 “That the natural resources of the United States in
6 certain strategic and critical materials being deficient or in-
7 sufficiently developed to supply the industrial, military, and
8 naval needs of the country for common defense, it is the
9 policy of the Congress and the purpose and intent of this Act

1 to provide for the acquisition and retention of stocks of these
2 materials and to encourage the conservation and develop-
3 ment of sources of these materials within the United States,
4 and thereby decrease and prevent wherever possible a
5 dangerous and costly dependence of the United States upon
6 foreign nations for supplies of these materials in times of
7 national emergency.

8 “SEC. 2. To effectuate the policy set forth in section 1
9 hereof, there is hereby created a Stock Pile Board (herein
10 after referred to as the Board) consisting of the Secretary
11 of War, who shall serve as Chairman, the Secretary of State,
12 the Secretary of the Navy, the Secretary of the Interior,
13 and the Secretary of Commerce. Each member of the Board
14 may designate an officer of his department to serve as his
15 representative on the Board. The Board may appoint and
16 fix the compensation of such personnel as it may deem
17 necessary to enable it to carry out the provisions of this Act,
18 subject to the provisions of the civil-service laws and regu-
19 lations and the Classification Act of 1923, as amended.
20 Upon the request of the Board, the head of any agency may
21 detail personnel in his agency, including commissioned of-
22 ficers and enlisted personnel in the armed forces, for service
23 under this Act subject to the direction of the Board.

24 “SEC. 3. (a) The Board shall compile a list consisting
25 of (1) the materials recommended for stock piling in the

1 report submitted to the Congress by the Army and Navy
2 Munitions Board under date of January 2, 1945, and classified
3 in table II of such report as 'Group A. Materials for which
4 stock-piling is deemed the only satisfactory means of insuring
5 an adequate supply for a future emergency'; and (2) such
6 additional materials as the Board (that is, the Stock Pile
7 Board created under section 2) determines, from time to
8 time, are strategic and critical and should be included in
9 such list. For the materials contained in group A of table
10 II of such report, the Board shall fix as the maximum and
11 minimum quantities for stock-piling the respective amounts
12 recommended in table III of such report; and for the ma-
13 terials added by the Board to such list, it shall fix as the
14 maximum and minimum quantities for stock-piling the
15 amounts it determines to be appropriate in order to assure
16 an adequate supply thereof for a future war emergency.

17 “(b) The Board shall compile a second list consisting
18 of (1) the materials recommended for stock-piling in the
19 report referred to in section 3 (a) and classified in table II
20 of such report as 'Group B. Materials practicable for stock
21 piling, but recommended for acquisition only to the extent
22 available for transfer from Government agencies because
23 adequacy of supply can be insured either by stimulation of
24 existing North American production or by partial or com-
25 plete use of available substitutes'; and (2) such other ma-

1 terials as the Board determines, from time to time, are
2 strategic and critical and should be included in such list.
3 For the materials contained in group B of table II of the
4 report referred to, the Board shall fix as the maximum
5 quantities for stock-piling the respective amounts recom-
6 mended in table IV of such report; and for the materials
7 added by the Board to such list, it shall fix as the maximum
8 quantities for stock-piling the amounts that it determines to
9 be appropriate in order to supplement the supply of such
10 materials (or their substitutes) available from North Ameri-
11 can production for a future war emergency. In the event
12 that the Board finds at any time that the supply available
13 from North American production of any material included in
14 the list compiled pursuant to this subsection, or of the sub-
15 stitutes for such material, is becoming or threatens to become
16 inadequate for a future war emergency, it shall remove the
17 material from such list and include it in the list compiled
18 pursuant to section 3 (a); and the Board shall then fix for
19 such material an appropriate maximum and minimum
20 quantity for stock-piling as provided in section 3 (a).

21 “(e) The Board shall establish and maintain stock piles
22 of all of the materials contained in the lists compiled pursuant
23 to this section. These stock piles shall consist of all such
24 materials heretofore purchased or transferred to be held pur-
25 suant to this Act, or hereafter determined to be surplus and

1 transferred pursuant to section 4 or purchased pursuant to
2 section 5 hereof and not disposed of pursuant to the provisions
3 of section 7 hereof. The stock piles herein provided for
4 shall be under the control of the Board.

5 “SEC. 4. (a) Every material contained in the lists
6 compiled pursuant to section 3, which is owned or contracted
7 for by the United States or any agency thereof, shall be
8 transferred by the owning agency, when determined by
9 such agency to be surplus to its needs and responsibilities,
10 to the stock piles established pursuant to this Act, so long
11 as the amount of the stock pile for that material does not
12 exceed the maximum fixed therefor pursuant to section 3.
13 The Board shall exempt from this requirement, however,
14 (1) any material which constitutes contractor inventory
15 unless the owning agency shall have taken possession of
16 such inventory; (2) such amount of any material as is
17 necessary to make up any deficiency of the current supply of
18 such material for the current requirements of industry or
19 as the Board determines to be held in lots so small as to make
20 the transfer thereof economically impractical; and (3) such
21 materials as the Board determines to be in a form or of a
22 quality ill-suited for stock-piling and not susceptible of
23 economic conversion to a form or quality suitable for such
24 purpose.

25 “(b) Any transfer made pursuant to section 4 (a) shall

1 be made without charge against or reimbursement from the
2 funds of the Board except that expenses incident to such
3 transfer may be paid by the Board, and except that upon any
4 such transfer from the Reconstruction Finance Corporation,
5 or any corporation organized by virtue of the authority con-
6 tained in the Act of January 22, 1932 (47 Stat. 5), as
7 amended, the Secretary of the Treasury shall cancel notes
8 of the Reconstruction Finance Corporation, and all sums due
9 and unpaid upon or in connection with such notes at the time
10 of such cancellation, in an amount equal to the cost of the
11 material so transferred.

12 "SEC. 5. (a) The Board shall direct the purchase of
13 materials contained in the list compiled pursuant to section
14 3 (a), by such agencies as it may designate, in order that
15 the stock pile thereof may be brought up to the minimum
16 quantity fixed for the respective materials pursuant to that
17 section. The purchase of any material shall be made, so far
18 as practicable, from supplies of the material in excess of the
19 current commercial demand. No material shall be purchased
20 hereunder (1) at a price in excess of the current open market
21 price, or (2) after the stock pile thereof shall have been
22 brought up to the minimum quantity fixed therefor under
23 section 3, except pursuant to specific authorization by the
24 Congress. Such purchases shall be made with the funds
25 or from the sources authorized by the provisions of this Act

1 and shall be in accordance with the specifications approved
2 by the Board.

3 “(b) Except where the Board determines that it would
4 be inconsistent with the public interest, purchases under this
5 Act shall be made in accordance with title III of the Act of
6 March 3, 1932 (47 Stat. 1520), but a reasonable time (not
7 to exceed one year) shall be allowed for production and de-
8 livery from domestic sources, and in the case of any such ma-
9 terial available in the United States but which has not been
10 developed commercially, the Board may, if it finds that the
11 production of such material is economically feasible, direct
12 the purchase of such material without requiring the vendor
13 to give bond.

14 “SEC. 6. The Board is authorized to provide for the
15 storage and maintenance of strategic and critical materials for
16 stock-piling purposes by any agency having procurement
17 functions. Where necessary to prevent deterioration, the
18 Board is authorized to provide for the rotation of strategic
19 and critical materials. To accomplish such rotations, the
20 procurement agencies designated by the Board are author-
21 ized to replace acquired stocks of any such material subject to
22 deterioration by equivalent quantities of substantially the
23 same material in such manner as the Board deems will best
24 serve the purposes of this Act. The Board may also ar-
25 range, through any agency designated by it, for the re-

1 fining or processing of any materials when such action is
2 deemed necessary to convert such materials into a form
3 more suitable for stock-piling. Expenses necessary to ac-
4 complish such rotation, refining, or processing may be met
5 out of the funds or sources authorized in this Act. The
6 materials acquired for stock-piling purposes shall be stored
7 on military and naval reservations or in other locations ap-
8 proved by the Board.

9 “SEC. 7. All strategic and critical materials held in the
10 stock piles maintained under this Act, not required to meet
11 the industrial, military, or naval needs of the country during
12 the present war emergency, shall be held exclusively for use
13 only in the event of a future war emergency declared by
14 or pursuant to an Act of Congress. Upon the outbreak of
15 war or in the event of declaration of a war emergency all
16 or any part of the stock pile may then be released and made
17 available for disposal by the United States or any agency as
18 the President shall direct to meet the industrial, military,
19 and naval needs of the United States for the common defense.
20 The Board may not release materials at any other times or
21 for any other purposes except (1) for the purposes of
22 rotation in accordance with the provisions of section 6 of
23 this Act, or (2) because of obsolescence of the material
24 for use in time of war owing to technological changes, or

1 ~~(3)~~ pursuant to specific authorization by the Congress. In
2 the event that the Board should determine that the release
3 of any material is advisable because of obsolescence it shall,
4 not less than six months before releasing any of such ma-
5 terial for this reason, submit to the Congress a report setting
6 forth the findings of fact which have led it to make this
7 determination, a statement of the amounts of the material
8 it proposes to release and the plan of disposition it proposes
9 to follow to assure the United States against avoidable loss
10 on the sale of the materials to be released and producers,
11 processors, and consumers against any avoidable disruption
12 of their usual markets. In the event that the Board should
13 determine that the release of any material is advisable for
14 reasons other than obsolescence, it shall submit its views
15 to the Congress with recommendations setting forth specifi-
16 cally the kind and the amount of materials it believes that
17 Congress should specifically authorize it to release and the
18 plan of disposition it proposes that the Congress should
19 authorize it to follow.

20 "SEC. 8. Any funds heretofore or hereafter received on
21 account of sales or other dispositions of materials under the
22 provisions of this Act shall be deposited to the credit of,
23 shall constitute an addition to, and shall be available for
24 expenditure for the purposes of, any appropriation available

1 at the time of such deposit for carrying out the provisions of
2 this Act.

3 "SEC. 9. (a) The Secretary of the Interior, through the
4 Director of the Bureau of Mines and the Director of the
5 Geological Survey, is hereby authorized and directed to make
6 scientific, technologic, and economic investigations concern-
7 ing the extent and mode of occurrence, the development,
8 mining, preparation, treatment, and utilization of ores and
9 other mineral substances found in the United States or its
10 Territories or insular possessions, which are essential to the
11 common defense or the industrial needs of the United States,
12 and the quantities or grades of which are inadequate from
13 known domestic sources, in order to determine and develop
14 domestic sources of supply, to devise new methods for the
15 treatment and utilization of lower grade reserves, and to
16 develop substitutes for such essential ores and minerals prod-
17 ucts; to explore and develop on public lands and on pri-
18 vately owned lands, with the consent of the owner, de-
19 posits of such minerals, including core drilling, trenching,
20 test-pitting, shaft sinking, drifting, cross-cutting, sampling,
21 and metallurgical investigations and tests as may be neces-
22 sary to determine the extent and quality of such deposits, the
23 most suitable methods of mining and beneficiating them, and
24 the cost at which the minerals or metals may be produced.

25 "(b) The Secretary of Agriculture is hereby authorized

1 and directed to make scientific, technologic, and economic
2 investigations of the feasibility of developing domestic
3 sources of supplies of any agricultural materials designated
4 as strategic and critical by the Board (including, but not
5 limited to, the materials contained in the lists compiled pur-
6 suant to section 3) or substitutes therefor.

7 "SEC. 10. The Board shall submit to the Congress, not
8 later than December 31 following each fiscal year, a written
9 report detailing its activities under this Act for that fiscal
10 year. The report may include such recommendations as the
11 Board believes will improve the operation of this Act, but
12 shall not contain any information the disclosure of which is
13 deemed by the Secretary of War or the Secretary of the
14 Navy to be inimical to the national security.

15 "SEC. 11. There is hereby authorized to be appro-
16 priated, out of any moneys in the Treasury not otherwise
17 appropriated, such sums as the Congress may, from time to
18 time, deem necessary to carry out the provisions of this Act.
19 Funds so appropriated, exclusive of sums allocated for the
20 purposes of section 9, shall be expended under the direction
21 of the Board.

22 "SEC. 12. As used in this Act—

23 "(a) 'Materials' means all commodities (except petro-
24 leum) in raw, partly processed, or refined forms appropriate
25 for industrial use, including ores, concentrates, alloys, and

1 scrap susceptible of economic conversion to a form suitable
2 for stock piling but not including fabricated or semifabri-
3 cated articles which in the judgment of the Board are not
4 scrap and are unsuitable for stock piling.

5 “(b) ‘Agency’ means any executive department, in-
6 dependent office, or other agency of the United States, in-
7 cluding a corporation owned or controlled by the United
8 States.”

9 *That the Act of June 7, 1939 (53 Stat. 811), as amended,*
10 *is hereby amended to read as follows:*

11 “*That the natural resources of the United States in*
12 *certain strategic and critical materials being deficient or*
13 *insufficiently developed to supply the industrial, military,*
14 *and naval needs of the country for common defense, it is the*
15 *policy of the Congress and the purpose and intent of this*
16 *Act to provide for the acquisition and retention of stocks*
17 *of these materials and to encourage the conservation and*
18 *development of sources of these materials within the United*
19 *States, and thereby decrease and prevent wherever possible*
20 *a dangerous and costly dependence of the United States*
21 *upon foreign nations for supplies of these materials in times*
22 *of national emergency.*

23 “*SEC. 2. (a) The President shall establish, within such*
24 *agency of the Government as he shall designate, a Strategic*
25 *Materials Stock Piling Board (hereinafter referred to as the*

1 Board). The Board shall consist of a Chairman (herein-
2 after referred to as the Chairman), to be appointed by the
3 President, by and with the advice and consent of the Senate,
4 and the following members with whom the Chairman shall
5 advise and consult: The Secretary of State, the Secretary
6 of the Treasury, the Secretary of War, the Secretary of the
7 Navy, the Secretary of the Interior, the Secretary of Agri-
8 culture, and the Secretary of Commerce. Each member of
9 the Board may designate an officer of his department to serve
10 as his representative on the Board. The Chairman shall
11 receive a salary of \$10,000 per annum and is authorized,
12 within the limits of funds which may be made available,
13 to appoint and fix the compensation of such officers and
14 employees, and to make such expenditures for supplies, fa-
15 cilities and services, as may be necessary to carry out the
16 functions of the Chairman and the Board under this Act.
17 Without regard to the provisions of the civil-service laws and
18 the Classification Act of 1923, as amended, the Chairman
19 may appoint such engineers and other experts as may be
20 necessary to carry out his functions. Upon the request of
21 the Chairman, the head of any agency may detail personnel
22 in his agency, including commissioned officers and enlisted
23 personnel in the armed forces, for service under this Act
24 subject to the direction of the Chairman.

25 “(b) The Chairman may perform the duties and func-

1 tions imposed upon him under this Act through such agencies,
2 acting under his direction, as he may designate, and the
3 Chairman shall reimburse such agencies for any expendi-
4 tures so incurred and for any services so performed out
5 of the funds available to him under this Act.

6 “(c) To the fullest extent practicable, the Chairman shall
7 appoint industry advisory committees selected from the
8 industries concerned with the materials to be stock piled. It
9 shall be the general function of the industry advisory commit-
10 tees to advise with the Chairman and the Board with respect
11 to the purchase, sale, care, and handling of such materials.
12 Members of the industry advisory committees shall receive a
13 per diem allowance of not to exceed \$10 for each day spent
14 at conferences held upon the call of the Chairman, plus neces-
15 sary traveling and other expenses while so engaged.

16 “SEC. 3. To effectuate the policy set forth in section 1
17 of this Act, the President with the advice of the Board, shall
18 determine from time to time (1) which materials are strategic,
19 (2) the quality and quantities of such materials needed to
20 effectuate the purposes of this Act, and (3) the dates by
21 which such quantities should be acquired. The authority con-
22 ferred upon the President by this section may, in his discre-
23 tion, be exercised through such officers and agencies as he
24 shall designate.

1 *"SEC. 4. The Chairman, with the advice of the members*
2 *of the Board shall—*

3 *"(a) direct the purchase of strategic materials pur-*
4 *suant to the determinations as provided in section 3 hereof,*
5 *which shall be made, so far as is practicable, from sup-*
6 *plies of materials in excess of the current industrial de-*
7 *mand and at a price not in excess of the current open*
8 *market price;*

9 *"Such purchases shall be made with due regard to*
10 *the objectives set forth in section 1 of this Act, and*
11 *except where the Chairman with the advice of the mem-*
12 *bers of the Board, shall determine that the objectives*
13 *cannot thereby be achieved, purchases under this Act*
14 *shall be made in accordance with title III of the Act of*
15 *March 3, 1933 (47 Stat. 1520), but may be made with-*
16 *out regard to section 3709 of the Revised Statutes.*
17 *Where the Chairman finds that the domestic production*
18 *of any materials is economically feasible he may direct*
19 *the purchase of such material without requiring the*
20 *vendor to give bond.*

21 *"(b) provide for the storage, security, and mainte-*
22 *nance of strategic materials for stock-piling purposes on*
23 *military and naval reservations or other locations, ap-*
24 *proved by the Chairman;*

1 “(c) provide through normal commercial channels
2 for the refining or processing of any materials acquired
3 or transferred under this Act when he deems such
4 action necessary to convert such materials into a form
5 best suitable for stock piling, and such materials may
6 be refined, processed, or otherwise beneficiated either
7 before or after their transfer from the owning agency;

8 “(d) provide for the rotation of any strategic ma-
9 terials constituting a part of the stock pile where neces-
10 sary to prevent deterioration by replacement of acquired
11 stocks with equivalent quantities of substantially the same
12 material;

13 “(e) dispose of any materials held pursuant to this
14 Act which are no longer needed because of any revision
15 of a determination made pursuant to section 3 of this
16 Act, as hereinafter provided;

17 “*No such disposition shall be made until six months*
18 *after publication in the Federal Register and transmis-*
19 *sion to Congress of a notice of the proposed disposition.*
20 *Such notice shall state the reasons for such revised deter-*
21 *mination, the amounts of the materials proposed to be*
22 *released, the plan of disposition proposed to be fol-*
23 *lowed, and the date upon which the material is to*
24 *become available for sale or transfer. The plan and*
25 *date of disposition shall be fixed with due regard to the*

1 *protection of the United States against avoidable loss*
2 *on the sale or transfer of the material to be released*
3 *and the protection of producers, processors, and con-*
4 *sumers against avoidable disruption of their usual*
5 *markets; Provided: That no material constituting a part*
6 *of the stock piles may be disposed of without the express*
7 *approval of the Congress except where the revised deter-*
8 *mination is by reason of obsolescence of that material for*
9 *use in time of war;*

10 *“(f) submit to the Congress, not later than six*
11 *months after the approval of this Act, and every six*
12 *months thereafter a written report detailing the activ-*
13 *ities with respect to stock-piling under this Act, includ-*
14 *ing a statement of foreign and domestic purchases, and*
15 *such other pertinent information on the administration*
16 *of the Act as will enable the Congress to evaluate its*
17 *administration and the need for amendments and related*
18 *legislation.*

19 *“SEC. 5. The stock piles shall consist of all such*
20 *materials heretofore purchased or transferred to be held pur-*
21 *suant to this Act, or hereafter transferred pursuant to section*
22 *6 hereof, or hereafter purchased pursuant to section 4 hereof,*
23 *and not disposed of pursuant to this Act. Except for the*
24 *rotation to prevent deterioration and except for the disposal*
25 *of any material pursuant to section 4 of this Act, materials*

1 *acquired under this Act shall be released for use, sale, or*
2 *other disposition only (a) on order of the President at any*
3 *time when in his judgment such release is required for pur-*
4 *poses of the common defense, or (b) in time of war or during*
5 *a national emergency with respect to common defense pro-*
6 *claimed by the President, on order of such agency as may be*
7 *designated by the President.*

8 *“SEC. 6. (a) Pursuant to regulations issued by the*
9 *Chairman, every material determined by the President to be*
10 *strategic pursuant to section 3 hereof, which is owned or*
11 *contracted for by the United States or any agency thereof,*
12 *including any material received from a foreign government*
13 *under an agreement made pursuant to the Act of March 11,*
14 *1941 (55 Stat. 31), as amended, or other authority, shall*
15 *be transferred by the owning agency, when determined by*
16 *such agency to be surplus to its needs and responsibilities, to*
17 *the stock piles established pursuant to this Act, so long as the*
18 *amount of the stock pile for that material does not exceed the*
19 *quantities determined therefor pursuant to section 3 hereof.*
20 *The Chairman shall exempt from this requirement (1) any*
21 *material which constitutes contractor inventory if the owning*
22 *agency shall not have taken possession of such inventory; (2)*
23 *such amount of any material as the Chairman, with the advice*
24 *of the members of the Board, determines (i) to be necessary*
25 *to make up any deficiency of the supply of such material for*

1 the current requirements of industry; (ii) are held in lots so
2 small as to make the transfer thereof economically imprac-
3 tical; or (iii) do not meet, or cannot economically be con-
4 verted to meet, stock-pile requirements determined in accord-
5 ance with section 3 of this Act. The total material trans-
6 ferred to the jurisdiction of the Chairman in accordance with
7 this section during any fiscal year beginning more than twelve
8 months after this Act becomes law shall not exceed in value
9 (as determined by the Chairman on the basis of the fair mar-
10 ket value at the time of each transfer) an amount to be fixed
11 by the appropriation act or acts relating to the acquisition
12 of materials under this Act.

13 “(b) Any transfer made pursuant to this section shall
14 be made without charge against or reimbursement from the
15 funds available to the Chairman, except that expenses inci-
16 dent to such transfer may be paid or reimbursed from such
17 funds, and except that, upon any such transfer from the
18 Reconstruction Finance Corporation, or any corporation
19 organized by virtue of the authority contained in the Act
20 of January 22, 1932 (47 Stat. 5), the Secretary of the
21 Treasury shall cancel notes of Reconstruction Finance Cor-
22 poration, and sums due and unpaid upon or in connection
23 with such notes at the time of such cancellation, in an amount
24 equal to the fair market value as determined by the Chairman
25 of the material so transferred.

1 “(c) *Effective whenever the Secretary of the Treasury*
2 *shall cancel any notes pursuant to subsection (b) of this*
3 *section, the amount of notes, debentures, bonds, or other such*
4 *obligations which the Reconstruction Finance Corporation*
5 *is authorized and empowered to have outstanding at any one*
6 *time under the provisions of existing law shall be deemed*
7 *to be reduced by the amount of the notes so canceled.*

8 “(d) *Subsection (b) of section 14 of the Act of October*
9 *3, 1944 (58 Stat. 765), is hereby amended to read as*
10 *follows:*

11 ““(b) *Subject only to subsection (c) of this section, any*
12 *owning agency may dispose of—*

13 ““(1) *any property which is damaged or worn be-*
14 *yond economical repair;*

15 ““(2) *any waste, salvage, scrap, or other similar*
16 *items;*

17 ““(3) *any product of industrial, research, agricul-*
18 *tural, or livestock operations, or of any public works*
19 *construction or maintenance project, carried on by such*
20 *agency;*

21 *which does not consist of materials which are to be transferred*
22 *in accordance with the Strategic Materials Stock Piling Act,*
23 *to the stock piles established pursuant to that Act.’*

24 “(e) *Section 22 of the Act of October 3, 1944 (58 Stat.*
25 *765), is hereby repealed.*

1 *“Provided: That any owning agency as defined in that*
2 *Act having control of materials that, when determined to*
3 *be surplus, are required to be transferred to the stock piles*
4 *pursuant to subsection (a) hereof, shall make such determi-*
5 *nation as soon as such materials in fact become surplus to*
6 *its needs and responsibilities.*

7 *“SEC. 7. (a) The Secretary of the Interior, through the*
8 *Director of the Bureau of Mines and the Director of Geo-*
9 *logical Survey, is hereby authorized and directed to make*
10 *scientific, technologic, and economic investigations concern-*
11 *ing the extent and mode of occurrence, the development, min-*
12 *ing, preparation, treatment, and utilization of ores and other*
13 *mineral substances found in the United States or its Terri-*
14 *tories or insular possessions, which are essential to the com-*
15 *mon defense or the industrial needs of the United States,*
16 *and the quantities or grades of which are inadequate from*
17 *known domestic sources, in order to determine and develop*
18 *domestic sources of supply, to devise new methods for the*
19 *treatment and utilization of lower grade reserves, and to*
20 *develop substitutes for such essential ores and mineral*
21 *products; on public lands and on privately owned lands,*
22 *with the consent of the owner, to explore and demonstrate*
23 *the extent and quality of deposits of such minerals, including*
24 *core drilling, trenching, test-pitting, shaft sinking, drifting,*
25 *cross-cutting, sampling, and metallurgical investigations and*

1 tests as may be necessary to determine the extent and quality
2 of such deposits, the most suitable methods of mining and
3 beneficiating them, and the cost at which the minerals or metals
4 may be produced.

5 “(b) The Secretary of Agriculture is hereby authorized
6 and directed to make scientific, technologic, and economic
7 investigations of the feasibility of developing domestic sources
8 of supplies of any agricultural materials determined by the
9 President pursuant to section 3 of this Act to be strategic
10 and critical, or substitutes therefor.

11 “SEC. 8. There is hereby authorized to be appropriated,
12 out of any moneys in the Treasury not otherwise appropri-
13 ated, such sums as the Congress, from time to time, may deem
14 necessary to carry out the provisions of this Act. The funds
15 so appropriated, including the funds heretofore appropriated,
16 shall remain available to carry out the provisions of this Act
17 until expended and (exclusive of sums allocated for the pur-
18 poses of section 7) shall be expended under the direction of
19 the Chairman.

20 “SEC. 9. Any funds heretofore or hereafter received
21 on account of sales or other dispositions of materials under
22 the provisions of this Act, except funds received on account
23 of the rotation of stocks, shall be covered into the Treasury
24 as miscellaneous receipts.

25 “SEC. 10. Strategic materials purchased from foreign

1 sources for stock piling pursuant to the provisions of this
2 Act shall be admitted into the United States free of any
3 tariff duty, import tax, or other impost applicable to impor-
4 tations. If any such imported strategic material is disposed
5 of pursuant to section 4 of this Act, and if such disposition
6 is made at a price based on the cost to the Government of
7 such strategic material rather than the market price current
8 at the time of sale, there shall be added to such price the
9 amount of any tariff, duty, import, tax, or other impost which
10 would be due were such strategic material imported at the
11 time the sale is made.

12 “SEC. 11. For the purposes of this Act the term ‘strategic
13 materials’ shall not include petroleum or petroleum products.

14 “SEC. 12. This Act may be cited as the ‘Strategic Mate-
15 rials Stock Piling Act’.”

79TH CONGRESS
1ST SESSION

S. 752

[Report No. 804]

A BILL

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

By Mr. THOMAS of Utah

MARCH 16, 1945

Read twice and referred to the Committee on Military
Affairs

NOVEMBER 29 (legislative day, OCTOBER 29), 1945

Reported with an amendment

IN THE SENATE OF THE UNITED STATES

DECEMBER 7 (legislative day, OCTOBER 29), 1945

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILSON to the bill (S. 752)
to amend the Act of June 7, 1939 (53 Stat. 811), as
amended, relating to the acquisition of stocks of strategic
and critical materials for national defense purposes, viz:

- 1 On page 22, strike out all after the word “agricultural”
- 2 in line 8, down to and including line 10, and insert in lieu
- 3 thereof the following: “material or for using agricultural
- 4 commodities for the manufacture of any material determined
- 5 by the President, pursuant to section 3 of this Act to be
- 6 strategic, or substitutes therefor”.

AMENDMENT

Intended to be proposed by Mr. Wilson to the bill (S. 752) to amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

DECEMBER 7 (legislative day, October 29), 1945
Ordered to lie on the table and to be printed

- 3 -

Passed without amendment H.R. 2465, to amend the Bankruptcy Act so as to provide that nothing therein shall preclude a referee in bankruptcy or a national park commissioner from appointment also as a U.S. Commissioner (p. 12597). This bill will now be sent to the President.

19. NOMINATIONS. Confirmed the nominations for representatives to UNO: E.R. Stettinius, Jr., Sen. Connally (Tex.), Sen. Vandenberg (Mich.), and Mrs. A.E. Roosevelt and as alternates: Rep. Bloom (N.Y.), Rep. Eaton (N.J.), Frank C. Walker, John Foster Dulles, and J.G. Townsend, Jr. (pp. 12614-24, 12627).
20. HEALTH. Agreed as reported to S. J. Res. 89, to provide for the formation of an International Health Organization (p. 12596).
21. STRATEGIC MATERIALS. Passed with amendment S. 752, to develop domestic sources of supply of strategic and critical materials where possible by creating stock piles of such materials which are not present in sufficient quantities in the U.S., or which cannot be supplied in sufficient quantities during an emergency period (pp. ~~12591-9~~, 12590-1).
22. SURPLUS PROPERTY. Sen. Mead, N.Y., submitted a report of the Special Committee to Investigate the National Defense Program which indicated the available surplus of tractors, blankets, etc. (pp. 12488-90).
23. REHABILITATION; VETERANS. Received a Fond du Lac (Wis.) Jr. C of C resolution favoring revision of the GI Bill of Rights to allow members of the armed forces to accept part-time work without having such remuneration credited against Federal Government rehabilitation benefits (p. 12580).
24. WELFARE DEPARTMENT; PRICE CONTROL; UNRRA; FULL EMPLOYMENT. Sen. Capper, Kans., inserted General Federation of Women's Clubs resolutions favoring establishment of a Welfare Department, continued price control and wage ceilings, additional appropriations for UNRRA, and a full-employment program (pp. 12581-2).

* See also item 51.

BILLS INTRODUCED

25. PERSONNEL. S. 1714, by Sen. McCarron, Nev., to amend the act entitled "An Act to prevent purchase and sale of public office," approved Dec. 11, 1926. To Judiciary Committee. (p. 12582.)
26. ATOMIC ENERGY. S. 1717, by Sen. McMahon, Conn., for the development and control of atomic energy. To Special Atomic Energy Committee. (p. 12582.)
27. EDUCATION. S. 1719, by Sen. Morse, Oreg., to provide, through aid to the States, for surveys and plans of the need for public educational plant facilities. To Education and Labor Committee. (p. 12582.)
28. FERTILIZERS. H.R. 5074, by Rep. Kefauver, Tenn., to provide for the formulation of a national fertilizer policy and program, to provide for a phosphate plant at Mobile, Ala., and for a \$20,000,000 fertilizer plant to be constructed by TVA. To Military Affairs Committee. (p. 12668.)
29. EMPLOYMENT. H.R. 5077, by Rep. Peterson, Fla., to permit certain Federal employment to be included as employment under the Social Security Act. To Ways and Means Committee. (p. 12668.)
H.R. 5079, by Rep. Sumners, Tex., prohibiting the soliciting or accepting of fees for referring persons for U.S. employment. To Judiciary Committee. (p. 12668.)

30. SURPLUS PROPERTY; LANDS. H.R. 5080, by Rep. Weichel, Ohio, to provide that former owners of farms and other real estate shall have the first right to purchase their former homes now being sold by SPA. To Expenditures in the Executive Departments Committee. (p. 12668.) Remarks of author (pp. A6144-5).
31. COLUMBIA VALLEY AUTHORITY. H.R. 5083, by Rep. Jackson, Wash., and S. 1716, by Sen. Mitchell, Wash., to establish a Columbia Valley Authority. To House Rivers and Harbors and Senate Commerce Committees. (pp. 12582, 12668.)
32. ROADS. H.R. 5087, by Rep. Gregory, Ky., and H.R. 5088, by Rep. Kefauver, Tenn., to amend and supplement the Federal-Aid Road Act of July 11, 1916, to provide for the design and construction of dams so that they will serve as substructures for highway bridges upon and across such dams, and to authorize the granting of easements and rights-of-way in connection therewith. To Roads Committee. (p. 12668.)
33. FISHERIES. H.R. 5090, by Rep. Weichel, Ohio, to order the State Department to cease its efforts to give control of the fisheries in the Great Lakes to a foreign country. To Foreign Affairs Committee. (p. 12668.) Remarks of author (pp. 12654-6).
34. LUMBER. H. Res. 467, by Rep. Havenner, Iowa, requesting information about the amount of lumber and other materials in the possession or control of the Navy Department. To Naval Affairs Committee. (p. 12668.)
H. Res. 468, by Rep. Havenner, Iowa, requesting information about the amount of lumber and other materials in the possession or control of the War Department. To Military Affairs Committee. (p. 12668.)
35. VETERANS. H.R. 5076, H.R. 5085 (p. 12668).
36. BANKRUPTCY. H.R. 5023 (see Digest 244) amends Sec. 75 of the Bankruptcy Act (Frazier-Lemke amendment) pertaining to bankruptcy proceedings for farmer-debtors.
37. RECLAMATION. S. 1688 (see Digest 222) includes a provision to give preference to veterans in the purchase of irrigable farm lands when such lands are available for purchase on the Gila Federal Reclamation Project.
38. WILDLIFE. H.R. 5021 (see Digest 224) to amend the Migratory Bird Hunting Stamp Act so as to increase from \$1 to \$2 the price for a hunting license and to provide that not to exceed 50% of total area acquired under the Act be administered primarily as wildlife management areas.

ITEMS IN APPENDIX

39. FOOD PRODUCTION; MARKETING. Rep. Voorhis, Calif., inserted Secretary Anderson's American Industry Congress address in which he outlined a four-point agricultural program to be attained by 1950: Abundant production at fair prices; increased efficiency in production and marketing; accomplishment of conservation; and expansion of national and international trade (pp. A6133-5).
40. SUBSIDIES; PRICES. Extension of remarks of Rep. Murray, Wis., criticizing this Department's support-price schedule on 1946 potato crop (pp. A6110-1).
41. EDUCATION; HEALTH. Sen. Hill, Ala., inserted his address before the Associated Women of the American Farm Bureau Federation convention, "Parity in Health and Education for Farm People," urging Federal aid for hospitals and schools (pp.

supplies and equipment for its peacetime operation.

The committee became aware of what is known as the strategic reserve plan of the War Department. Because the effect of this plan would be to limit the amount of supplies which the War Department would declare surplus, the committee immediately instituted an investigation. It has held two executive hearings and two public hearings on this subject. In my opinion, this investigation has resulted in a concrete improvement. The Senate and the public are entitled to know more about the problems that were involved and the accomplishment that has been achieved than is now known generally.

Out of the tremendous quantity of supplies and equipment which have been produced for fighting this war, the War Department planned to retain huge quantities of supplies for the purpose of equipping and maintaining the Army during the period of demobilization, during the period of occupation of Japan and Germany, during peacetime years, and for the first year of the next war. This was not merely a plan in the thinking stage, but was embodied in a directive of the War Department, dated September 14, 1945. This directive, in essence, prohibited officers charged with the declaration of surpluses from declaring any surpluses in the items in which these reserves were to be maintained until the total quantity planned for these reserves had been accumulated.

In order to clear up any misunderstanding as to the meaning of the word "reserve"—a word which has previously been misunderstood by the press and the public—I wish to make plain at this time that "reserves" as used by the War Department, in connection with its plans for maintaining supplies, does not mean that the War Department has on hand and under its control the quantities set up in reserve. The word "reserve" as used by the War Department merely means the quantity which the War Department would like to have in order to fulfill the programs which it has in mind. The word which would indicate the quantity which the Army now has on hand or under its control would be "inventory" or "stock on hand."

The stocks on hand, as revealed to the committee by the War Department, do not approach the quantities of reserves which they would like to have. This simply means that in the items in which strategic reserves were planned to be accumulated there would be little likelihood that any of them would be declared to be surplus. Unfortunately, this distinction between reserves and stock on hand was misunderstood by a part of the press. A table of reserves in 12 selected civilian-type items was introduced at our first public hearing. It showed what the War Department would like to have on hand for the purpose of meeting future needs. However, in a part of the press it was reported that the War Department did have those quantities on hand. This was erroneous.

The War Department sought to correct this impression by issuing a release December 5, 1945, the day after the pre-

liminary report of the Hodges Board was made. It was proper that the War Department should seek to correct this error. However, in its press release the War Department went too far and made statements which at a subsequent hearing were admitted to be misleading by War Department officials who testified, none of whom accepted any responsibility for the release.

This release stated that, instead of the tremendous quantities which had been shown as total reserves and had been misinterpreted by the press to mean the stocks on hand, the War Department, on the other hand, had on hand only very small quantities of such items, which were stated by the War Department to be sufficient only to last for a very short time, ranging from 12 days to 18 months. What the release neglected to make plain was that the quantities used for that computation were simply the stocks in depots in the United States. It neglected to state that in addition the War Department had vast quantities of those items in posts, camps, and stations in the United States, in the hands of troops in the United States, in depots in foreign combat theaters, and in the hands of troops in foreign combat theaters.

Mr. BREWSTER. Mr. President, will the Senator from New York yield?

Mr. MEAD. I am glad to yield to the Senator from Maine.

Mr. BREWSTER. Am I correct in understanding that the release was issued through the press relations agency of the War Department?

Mr. MEAD. That is my understanding.

Mr. BREWSTER. Was it impossible to determine who was responsible for it?

Mr. MEAD. We could not ascertain the one responsible at the very large hearing which we held at that time. There were a great many representatives of the War Department present. They were familiar with the release, but not one of them would assume responsibility for it.

Mr. BREWSTER. May I inquire whether the committee is continuing its explorations in an effort to fix the responsibility for it? I noted it in the press at the time, and I think it is of the highest importance that the responsibility be determined.

Mr. MEAD. We have asked that a full story of the release be made a part of our record.

Mr. President, as I said a moment ago, and repeat, what the release neglected to make plain was that the quantities used for that computation were simply the stocks in depots in the United States. It neglected to state that, in addition, the War Department had vast quantities of those items in posts, camps, and stations in the United States, in the hands of troops in the United States, in depots in foreign combat theaters, and in the hands of troops in foreign combat theaters. Thus, for example, instead of having only 3.7 months' supply of blankets, as the Army release stated, the fact is that under the revised Hodges' board plan the Army will have sufficient blankets to supply it until June 30, 1949, and

will be able to declare 2,000,000 blankets surplus immediately. Similar figures would apply to other items listed in the War Department release.

Although the committee understands and sympathizes with the War Department's desire to correct a public misunderstanding, it condemns the issuance of misleading and erroneous statements such as those contained in the official War Department release above referred to. The public is entitled to know the facts and to know all the facts and not to be misled by half truths.

A. to inventory, or stock on hand, neither the War Department, nor the Navy Department has been able to give the committee the total world-wide figures of supplies and equipment under the control of those departments. The only reliable figures which the War Department has been able to furnish to the committee are those showing the total quantity in depots in the United States. As to other supplies under the control of the War Department, no complete and accurate records are available in Washington. Outside the depots in the United States there are vast quantities of supplies and equipment in the hands of troops in the United States, and in posts, camps, and stations in the United States, concerning which Washington does not have the figures. In addition, there are millions of tons of supplies in depots in combat theaters outside the United States. The commanders of these theaters are understood by the committee to have fairly accurate figures about the depot supplies within their commands. In fact, in the committee's investigation in Europe, conducted last summer, such figures were furnished to the committee in Paris and in Caserta, Italy. However, the theater commanders do not have accurate figures as to the supplies and equipment in the hands of the troops in their theaters. Estimates of these quantities have been furnished to the committee.

In order to get a general idea of the ultimate total of supplies which will be declared surplus by the War Department, we would have to know first what the Army now has everywhere in the world; and, second, what it will need for reasonable future use; the difference between these two being the amount that should be declared surplus. The War Department's strategic reserves affected the second of the above factors, namely, the amount of supplies to be retained for the future use of the Army. In connection with these strategic reserves, it is important to note that they were to be filled only from quantities of materials now under the control of the War Department.

The War Department did not plan to procure new supplies to fill these reserves, but did not intend to declare surpluses of any of the items on the strategic reserves list from stocks of supplies presently under Army control until such reserves had been filled. Under the reserve formula, which had been set up by the War Department directive dated September 14, 1945, some items would be kept by the War Department for use as late as

1970. The committee entertained serious doubts as to the advisability of attempting to maintain large reserves of supplies over a long period of years, particularly with respect to civilian items which are now urgently needed in our civilian economy. The War Department was unable to satisfy the committee that it had studied the expense involved in carrying out its strategic reserves plans. It had compiled no figures before adopting the strategic reserves plan as to the cost of such items as preparation for storage, transportation to storage, handling and storage costs and servicing over a period of years, depreciation as a result of obsolescence and interest in public funds tied up in such stagnant supplies over a period of years.

The committee has recently received estimates that as to the civilian-type items which the War Department planned to store it would cost about \$150,000,000 to transport them to storage depots, another \$150,000,000 to recondition and prepare them for storage, and about \$14,000,000 a year to store them. It was also estimated that the value of such civilian items in reserve would be about a billion dollars. The interest on the public funds which would be tied up in these items would be an additional considerable amount when piled up year after year. Even these rough estimates as to the cost of keeping these stocks for a strategic reserve, however, had not been computed by the War Department before the reserve program was decided upon.

On November 5, 1945, after the War Department knew the committee had begun its investigation, a special board was appointed to review the strategic reserve program. This board, under the direction of Gen. Courtney H. Hodges, was known as the Hodges' board.

The Hodges' board submitted an interim report of its findings to the Chief of Staff on December 4, 1945, recommending that the Army release supplies of civilian-type items for the civilian economy, except those quantities required to meet military needs during the demobilization and that part of the occupational period up to June 30, 1949, and the quantities necessary to fill certain foreign requirements. At the committee's public hearing on December 14, 1945, the Honorable Kenneth C. Royall, Under Secretary of War, announced that this interim report of the Hodges' board had been unanimously approved by the War Department. The effect of the Hodges' report was to eliminate all reserves of civilian-type items for the peacetime Army after June 30, 1949, and the strategic reserve for the next war.

The effect of the elimination of strategic reserves in civilian-type items can be best illustrated by the following table. This table sets forth a few typical civilian-type items held by the War Department, and shows the size of the reserves to be filled under the War Department's original plan, the amounts reduced as a result of the Hodges' report, and the amounts immediately available as surplus.

	Original reserves planned by War Department	To be eliminated from planned reserves under Hodges plan	Amount immediately available as surplus
Tractors, crawler type, class II.....	4,231	3,914	1,574
Shovel cranes, $\frac{3}{4}$ cubic yard.....	650	637	289
Service boots.....	27,323,000	27,323,000	771,000
Wool blankets.....	54,071,000	52,222,000	2,000,000
Flashlights.....	1,979,000	1,654,000	82,000
Bleaching material pounds.....	17,346,000	17,346,000	4,681,000
Pocket watches, railroad grade.....	3,091	3,022	768

This was a tremendous change and was accomplished promptly. War Department representatives have advised the committee that this will result in the immediate declaration as surplus of \$400,000,000 worth of civilian-type items now held in the United States by the War Department. That in itself is, in my judgment, a noteworthy accomplishment to the credit of the committee. These civilian supplies, according to the War Department, should be in the hands of the disposal agencies by not later than January 1. It is estimated that future declarations arising from this source will at least equal this amount.

It should be noted that these surpluses are in addition to the amounts which normally would have been declared surplus anyway. It should also be noted that the transportation, renovation, handling and storage costs, and other expenses involved in maintaining these stocks over a long period of years will not now have to be met and will, therefore, be saved.

The committee has frequently found it necessary to criticize executive agencies. This, of course, is inherent in the very nature of the committee if it is to discharge forthrightly and effectively the obligation imposed upon it by the Senate to examine the administration and expenditure of the enormous appropriations and powers Congress has accorded to the executive agencies for defense purposes.

For this reason, I am particularly gratified to be able to commend the War Department and certain of its officials for the vigor and promptness with which this problem was attacked and the courage with which a far-reaching decision was made. In just about 30 days, an established policy was reexamined and completely modified. The result has been made to make available to the civilian economy when most needed a huge quantity of supplies. This now presents a challenge to the disposal machinery which has the responsibility for feeding rapidly and smoothly into the national economy the supplies which have now been made available.

I particularly commend the Under Secretary of War, Kenneth C. Royall, for promptly placing in effect the recommendations of the Hodges Board. I also commend Gen. Courtney H. Hodges for assuming and promptly and courageously

discharging a difficult, and possibly an unpopular, task. I also commend Brig. Gen. Theodore M. Osborne, plans and supplies officer, Army Service Forces, for his expert knowledge of the Army supply system and his appreciation of sound business-like methods of large-scale procurement and supply.

The committee feels that in the elimination of the long-range storage program for civilian items by the War Department a long step forward has been taken in solving the problem of Government surpluses.

ACQUISITION OF STOCKS OF STRATEGIC AND CRITICAL MATERIALS

The Senate resumed the consideration of the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN].

Mr. REVERCOMB. Mr. President, I desire to address myself briefly to the pending amendment. As I read the amendment, it proposes to provide a subsidy on the part of the Government to nonpaying metal producing mines which cannot themselves make a go of it. In other words, it is directed principally to the marginal mines.

That simply means that it is proposed to take money out of the Treasury and pay it for maintaining and sustaining those particular mines, which cannot carry themselves and cannot stand upon their own strength. As a member of the committee which considered the bill now before the Senate, I wish to say that this very subject was discussed in the committee, and it was the very general consensus of the committee that nothing of this kind should be done.

Mr. President, what is proposed is a subsidy, purely and simply a subsidy, permitting the Chairman of the Board to enter into contracts with mine owners to pay them 25 percent more than the market price of the ore which they may produce. That puts those mines not only in competition with foreign mines—we are not interested in that—but in competition with our domestic mines which can produce the metals. It is my earnest hope that in this bill, which provides for stock-piling, we shall not embark upon a subsidy program. Marginal mines for the production of strategic metals grew up during the war. They were necessary then. They were paid a price which permitted them to operate because under the demand for war metals that could be done to meet the exigencies of wartime need. But that condition no longer exists, and there is no duty upon the Government to carry these mines, these privately owned enterprises, by means of subsidies.

Mr. President, there is another phase to this matter. No doubt the time will come in the exhaustion of our minerals when marginal mines will be operated, and be operated upon a sound basis, in

such a way that they can pay for themselves and pay for their own operations.

So it is my hope, and I express it now, that the views of the committee will be followed upon this subject, and that the amendment offered by the able Senator from Nevada will not prevail.

Mr. McCARRAN. Mr. President, if the amendment were to stand at all in the position of interfering with the successful passage of the bill I certainly would not insist on it, but it seems to me that an erroneous view has been taken by the Senator from West Virginia and perhaps by the Senator from Ohio. The amendment does not provide for a subsidy in any sense of the word. The amendment would make sure that the authority in charge of this matter would have, if, as, and when necessary, war-essential materials or minerals. If they can be produced domestically in sufficient quantity to insure the Nation a supply in time of need, then there will be no occasion for paying the 25 percent or any part thereof. If, on the other hand, we are going to jeopardize American labor by saying that we will import peon- and slave-produced minerals and metals from foreign countries to supply the market, then, of course, we will close all the American mines and turn all the American labor out of the mines, and bring the metals and the minerals from abroad as we did during the very war just concluded.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. McCARRAN. I will yield in a moment, if the Senator will permit me to continue. I mean no discourtesy. I am not one who will join with others on the floor to defeat this bill. On the other hand, I am not one who will lend my voice nor my effort nor my accord to bring in slave-produced commodities from abroad. We are now approaching that very era, if I am not mistaken, because many countries remote from our shores are today in a sad condition, and in those countries any wage standard will be sufficient to furnish bread. Are we going to place American labor in such a position that it must meet such competition if, as, and when we need American labor to produce American necessities, when we can produce them by paying merely a small subsidy, if, indeed, it may be called a subsidy? That is the object, the aim, and purpose of the amendment. But if it is seriously opposed I shall certainly not jeopardize the passage of the bill by insisting upon the amendment at this time, because the passage of the bill is so essential.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. REVERCOMB. Let me say that I join the Senator wholeheartedly in the idea of not creating a situation which would bring in foreign minerals in competition with those produced in this country or with those capable of being produced in this country. I join with the Senator in that completely. Also, I am in thorough accord with him that we should do nothing which would place the labor of America in competition with foreign labor. No one can doubt my position on that subject. I brought that out

in the reciprocal-trade-agreements debate on the floor of the Senate when I opposed those agreements and the law under which they were made and authority to make them was given. I opposed the making of agreements that permitted importation of foreign-made goods in competition with the products of the workers of this country. But let me say, there is a way to keep out those minerals, to keep them away from competition in this country, and to prevent cheap foreign labor from competing with American labor, and that is by placing a tariff against the importation of such metals.

Mr. McCARRAN. Let me say that in the last 12 years, to my certain knowledge, we have not found that way to be effective.

Mr. REVERCOMB. If we had a proper tariff against them we could keep them out of the country.

Mr. McCARRAN. Mr. President, I submit the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada to the committee amendment. [Putting the question.]

The Chair is in doubt.

Mr. TAFT. I suggest the absence of a quorum.

Mr. McCARRAN. Mr. President, will the Senator withhold his suggestion for a moment?

Mr. TAFT. Yes.

Mr. McCARRAN. Rather than have that done or anything done to jeopardize the passage of the bill, I withdraw the amendment at this time.

The PRESIDING OFFICER. The Senator from Nevada withdraws his amendment.

The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read a third time, the question is, Shall the bill pass?

The bill (S. 752) was passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

The message also announced that the House had disagreed to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 103 to the bill (H. R. 4805) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes.

ESTABLISHMENT OF A DEPARTMENT OF MEDICINE AND SURGERY IN THE VETERANS' ADMINISTRATION

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 871, House bill 4717.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4717) to establish a Department of Medicine and Surgery in the Veterans' Administration.

Mr. HILL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HILL. I shall not object to the consideration of the bill at this time because I think it is very meritorious and that it should be passed. I do not think it will take more than a minute or two to consider it and pass it. I will say that immediately after the bill is passed, it is my intention to ask that the Senate proceed to the call of the calendar for the consideration of unobjected-to bills on the calendar, and we can take up the bills as they appear on the calendar.

Mr. JOHNSON of Colorado. I thank the Senator for his statement. Mr. President, I inquire what is the status of the bill.

The PRESIDING OFFICER. The bill has been stated by title for the information of the Senate. The question is on the request of the Senator from Colorado for the immediate consideration of the bill. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 4717) to establish a Department of Medicine and Surgery in the Veterans' Administration.

Mr. JOHNSON of Colorado. Mr. President, this bill is of tremendous importance, and that is why I want to have it taken up at this time outside the call of the calendar because it might evoke some discussion. I do not know why it should, however, because the subcommittee of the Senate Committee on Finance handling veterans' legislation voted unanimously in favor of the bill, as did the Senate Finance Committee. However, this bill does completely reorganize the Medical Division of the Veterans' Bureau. It is far-reaching in its effect, and for that reason I thought the Senate should have an opportunity to discuss it freely, if any questions are to be raised with respect to it.

Mr. HILL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HILL. In view of the very thorough consideration which the bill has received at the hands of the subcommittee and the fact that it was unanimously adopted by the subcommittee, members of which represent practically all different schools of thought in the Senate, and the further fact that the bill has been unanimously reported by the great Finance Committee of the Senate, I believe the Senate is prepared to pass the bill immediately. I say that much to the Senator, without any further explanation.

Mr. JOHNSON of Colorado. I do not care to make any further explanation of the bill; but I should like to have printed in the RECORD portions of the statements of General Bradley and General Hawley before the Senate Committee on Finance. In my opinion, their reasons are all-compelling. For example, they stated that the need in the Veterans' Bureau is for 3,400 doctors; that they now have 2,300, and that they are very likely to lose 600 or 700, leaving only 1,700 doctors, whereas 3,400 are needed. The purpose of the bill is to provide proper medical attention for veterans. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks excerpts from the statements of General Bradley and General Hawley.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

General BRADLEY. Yes, sir.

We have a very critical situation in the medical department of the Veterans' Administration right now.

There is a great shortage of doctors. We feel that we cannot get them to serve with us under the present inducements which we can offer them.

We feel that this bill, H. R. 4717, which has passed the House, does offer inducements which will give us a reasonable chance, we think, of securing more doctors to help us out in this emergency.

This bill actually offers about five things that we think will be added inducements to doctors who may not now consider our service.

In the first place, we could hire these doctors and rate them upon appointment, according to their experience and ability.

Secondly, we could promote them on the basis of their abilities rather than on the position held. If we could do that we would not have to wait for a position rated by the Civil Service Commission in a higher position before we could promote a good man.

As it stands now, we sometimes have to move a man a considerable distance to another hospital in order to find a vacancy which would promote him. This bill will enable us to promote according to ability, so that the position will not be rated upon his position entirely. It will give the doctors a better chance to practice modern medicine.

It will authorize our doctors, not to exceed 5 percent of them, to take refresher courses up to 90 days. That would enable a physician, if he wanted to, to be sent to Mayo Clinic or Johns Hopkins or anywhere else for a short course in order to get him up to date.

The bill will encourage a man to progress in that it authorizes him an allowance up to 25 percent of his base pay if he is able to qualify as a specialist before a specialty board.

This board would not just be one of ours but an approved specialty board.

This will also give us the authority to establish residences for doctors, on about the same basis as is done in the large civilian hospitals.

Incidentally, the bill provides means whereby we can drop doctors who turn out to be incompetent or inefficient, or for misconduct, much easier than we can do under the present civil-service laws.

We feel that time is very important. We feel there should be no delay.

At this time, some 15,000 to 18,000 doctors have left the services. We have gotten very few of them; they have shown very little interest in the Veterans' Administration.

Now, a lot of these doctors leaving the services are at a time when they must make

a decision whether they are to go into civil practice or join up.

We feel that we must offer them something, and we must offer it to them pretty soon, if we are going to take advantage of this period of time during which they are making their decision.

We think, therefore, that it is highly important that we get this bill through as quickly as possible.

I believe General Hawley will tell you when he comes to testify, that this is not 100 percent of what we would like to have. However, it does offer most of the things that we think is necessary to get if we are to obtain these doctors.

I repeat that we think that the time element is much more important than some small details which might be added or taken out.

The CHAIRMAN. I presume it goes without saying that you will have a tremendous load and a great responsibility ahead of you, in taking care of the veterans of World War II.

General BRADLEY. We are having that load and responsibility at the present time. We should have 3,400 doctors in order to carry on our installation adequately.

Actually, we have 2,300. We are going to lose a lot of those now, because they are in uniform. Some 700 of them have been loaned to us by the Army and there is an additional 1,000 in uniform that were with us.

If we are going to lose between 700 and 1,000 out of the 2,300 we have, it would cut us down to 50 percent of the doctors we need.

We are trying to overcome this shortage situation by attempting to get help from civilian doctors in medical centers. Unfortunately, only a limited number of our hospitals are close enough to subcenters to be able to use that help. Thus, no matter how much help these medical centers may want to give us, there will still be a shortage in the staff of most of our hospitals.

General HAWLEY. The situation as regards physicians, and to a lesser extent dentists and nurses, in the Medical Service of the Veterans' Administration is now critical, and is becoming steadily worse.

Already short one-third the required number of physicians to operate existing hospitals, further shortage seems inevitable as physicians, now lent to the Veterans' Administration by the Army and Navy, are separated from the service. On the other hand, the number of physicians required is increasing month by month.

For several reasons it is impossible, under civil service, to provide physicians of the proper quality in the numbers required. Civil-service rates of pay are not attractive. The rating of the position, rather than of the physician who occupies the position, retards promotion of younger and better qualified men. It is extremely difficult, if not impossible, to rid the service of incompetent physicians.

H. R. 4717, in our opinion, is not an ideal bill. But it is infinitely preferable to the present law governing appointment of physicians to the Veterans' Administration, and it is undoubtedly the best measure that will be agreed upon by the majority of interests concerned. It has, in our opinion, some objectionable provisions; but it is also our opinion that the delay that would result from an effort to change these provisions would be more serious than the provisions themselves.

The most urgent consideration right now is time. Between 15,000 and 20,000 physicians have been separated from the armed services; and more are being separated each day. Many of these men are at the crossroads of their professional careers. If reasonably attractive offers can be made to them at this present moment, a goodly number of highly qualified physicians will be attracted to the Medical Service of the Veterans' Administration. As it now is, only an insignificant few have displayed any interest.

I measure the effect of my words when I say that unless H. R. 4717 is enacted into law at once—before the Christmas recess of the Congress—the Medical Service of the Veterans' Administration will suffer further grave consequences which may well be irreparable. In the interest of the thousands of disabled veterans who have, by their sacrifices, earned better medical care than they are now receiving, I urge immediate action upon this bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H. R. 4717) was ordered to a third reading, read the third time, and passed.

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have the report of the committee printed in the RECORD at this point as a part of my remarks.

There being no objection, the report (No. 858) was ordered to be printed in the RECORD, as follows:

The Committee on Finance, to whom was referred the bill (H. R. 4717) to establish a Department of Medicine and Surgery in the Veterans' Administration, and for other purposes, having considered the same, report favorably thereon, without amendment, and recommend that the bill be passed.

Your committee and a subcommittee thereof have most carefully considered the proposed legislation and held hearings on H. R. 4717, and in the light of the testimony presented by the Administrator of Veterans' Affairs and other data furnished the committee feel there is urgent need for this legislation.

This legislation to accomplish the general purpose as set forth in the bill has the approval, in principle, of the President and has been strongly recommended by the Veterans' Administration as being essential and vital, and that such legislative relief is one of the most urgent needs.

Your committee has determined on all of the facts that such legislation should (1) incorporate adequate provisions as to organization and authority without military aspects; (2) provide by statute certain positions with adequate salary stipulations, with specified salary ranges for doctors, nurses, and dentists, and a special salary range for attendants; (3) authorize appointments to certain specified positions without regard to civil service, by the Administrator of Veterans' Affairs; (4) provide a civil-service system of retirement in preference to a military system; (5) retain classified civil service for positions not specifically exempted therefrom by the bill; (6) incorporate authority to dispense with the services of unsatisfactory or disqualified employees in certain categories without the restrictions of the laws and regulations pertaining to civil service; and (7) incorporate such special provisions as are necessary to insure an adequate and complete medical and hospital service in the Veterans' Administration, as intended by the bill. H. R. 4717 will meet these objectives.

To reveal the urgent need of a more satisfactory organization and for special provisions to attract necessary personnel, your committee is advised that position vacancies as of October 24, 1945, in the medical and hospital personnel in all categories numbered 9,081, and anticipated shortage for January 1, 1946, was 15,738. Out of the total of 9,081 vacancies October 24, 1945, 6,680 pertain to doctors, dentists, nurses, and attendants. Out of the total of 15,738 vacancies anticipated for January 1, 1946, 11,910 pertain to doctors, dentists, nurses, and attendants.

79TH CONGRESS
1ST SESSION

S. 752

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 21, 1945

Referred to the Committee on Military Affairs

AN ACT

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is hereby amended to read as follows:

5 “That the natural resources of the United States in
6 certain strategic and critical materials being deficient or
7 insufficiently developed to supply the industrial, military,
8 and naval needs of the country for common defense, it is the
9 policy of the Congress and the purpose and intent of this
10 Act to provide for the acquisition and retention of stocks

1 of these materials and to encourage the conservation and
2 development of sources of these materials within the United
3 States, and thereby decrease and prevent wherever possible
4 a dangerous and costly dependence of the United States
5 upon foreign nations for supplies of these materials in times
6 of national emergency.

7 “SEC. 2. (a) The President shall establish, within such
8 agency of the Government as he shall designate, a Strategic
9 Materials Stock Piling Board (hereinafter referred to as the
10 Board). The Board shall consist of a Chairman (herein-
11 after referred to as the Chairman), to be appointed by the
12 President, by and with the advice and consent of the Senate,
13 and the following members with whom the Chairman shall
14 advise and consult: The Secretary of State, the Secretary
15 of the Treasury, the Secretary of War, the Secretary of the
16 Navy, the Secretary of the Interior, the Secretary of Agri-
17 culture, and the Secretary of Commerce. Each member of
18 the Board may designate an officer of his department to serve
19 as his representative on the Board. The Chairman shall
20 receive a salary of \$10,000 per annum and is authorized,
21 within the limits of funds which may be made available,
22 to appoint and fix the compensation of such officers and
23 employees, and to make such expenditures for supplies, fa-
24 cilities and services, as may be necessary to carry out the
25 functions of the Chairman and the Board under this Act.

1 Without regard to the provisions of the civil-service laws and
2 the Classification Act of 1923, as amended, the Chairman
3 may appoint such engineers and other experts as may be
4 necessary to carry out his functions. Upon the request of
5 the Chairman, the head of any agency may detail personnel
6 in his agency, including commissioned officers and enlisted
7 personnel in the armed forces, for service under this Act
8 subject to the direction of the Chairman.

9 “(b) The Chairman may perform the duties and func-
10 tions imposed upon him under this Act through such agencies,
11 acting under his direction, as he may designate, and the
12 Chairman shall reimburse such agencies for any expendi-
13 tures so incurred and for any services so performed out
14 of the funds available to him under this Act.

15 “(c) To the fullest extent practicable, the Chairman shall
16 appoint industry advisory committees selected from the
17 industries concerned with the materials to be stock piled. It
18 shall be the general function of the industry advisory commit-
19 tees to advise with the Chairman and the Board with respect
20 to the purchase, sale, care, and handling of such materials.
21 Members of the industry advisory committees shall receive a
22 per diem allowance of not to exceed \$10 for each day spent
23 at conferences held upon the call of the Chairman, plus neces-
24 sary traveling and other expenses while so engaged.

25 “SEC. 3. To effectuate the policy set forth in section 1

1 of this Act, the President with the advice of the Board, shall
2 determine from time to time (1) which materials are stra-
3 tegic, (2) the quality and quantities of such materials needed
4 to effectuate the purposes of this Act, and (3) the dates by
5 which such quantities should be acquired. The authority con-
6 ferred upon the President by this section may, in his discre-
7 tion, be exercised through such officers and agencies as he
8 shall designate.

9 “SEC. 4. The Chairman, with the advice of the mem-
10 bers of the Board shall—

11 “(a) direct the purchase of strategic materials pur-
12 suant to the determinations as provided in section 3
13 hereof, which shall be made, so far as is practicable,
14 from supplies of materials in excess of the current
15 industrial demand and at a price not in excess of
16 the current open market price;

17 “Such purchases shall be made with due regard to
18 the objectives set forth in section 1 of this Act, and
19 except where the Chairman with the advice of the
20 members of the Board, shall determine that the ob-
21 jectives cannot thereby be achieved, purchases under
22 this Act shall be made in accordance with title III
23 of the Act of March 3, 1933 (47 Stat. 1520), but
24 may be made without regard to section 3709 of the
25 Revised Statutes. Where the Chairman finds that the

1 domestic production of any materials is economically
2 feasible he may direct the purchase of such material
3 without requiring the vendor to give bond.

4 “(b) provide for the storage, security, and mainte-
5 nance of strategic materials for stock-piling purposes on
6 military and naval reservations or other locations, ap-
7 proved by the Chairman;

8 “(c) provide through normal commercial channels
9 for the refining or processing of any materials acquired
10 or transferred under this Act when he deems such
11 action necessary to convert such materials into a form
12 best suitable for stock piling, and such materials may
13 be refined, processed, or otherwise beneficiated either
14 before or after their transfer from the owning agency;

15 “(d) provide for the rotation of any strategic ma-
16 terials constituting a part of the stock pile where neces-
17 sary to prevent deterioration by replacement of acquired
18 stocks with equivalent quantities of substantially the
19 same material;

20 “(e) dispose of any materials held pursuant to this
21 Act which are no longer needed because of any revision
22 of a determination made pursuant to section 3 of this
23 Act, as hereinafter provided;

24 “No such disposition shall be made until six months
25 after publication in the Federal Register and transmis-

1 sion to Congress of a notice of the proposed disposition.
2 Such notice shall state the reasons for such revised deter-
3 mination, the amounts of the materials proposed to be
4 released, the plan of disposition proposed to be fol-
5 lowed, and the date upon which the material is to
6 become available for sale or transfer. The plan and
7 date of disposition shall be fixed with due regard to the
8 protection of the United States against avoidable loss
9 on the sale or transfer of the material to be released
10 and the protection of producers, processors, and con-
11 sumers against avoidable disruption of their usual
12 markets: *Provided*, That no material constituting a part
13 of the stock piles may be disposed of without the express
14 approval of the Congress except where the revised deter-
15 mination is by reason of obsolescence of that material for
16 use in time of war;

17 “(f) submit to the Congress, not later than six
18 months after the approval of this Act, and every six
19 months thereafter a written report detailing the activ-
20 ities with respect to stock-piling under this Act, includ-
21 ing a statement of foreign and domestic purchases, and
22 such other pertinent information on the administration
23 of the Act as will enable the Congress to evaluate its
24 administration and the need for amendments and related
25 legislation.

1 “SEC. 5. The stock piles shall consist of all such
2 materials heretofore purchased or transferred to be held pur-
3 suant to this Act, or hereafter transferred pursuant to section
4 6 hereof, or hereafter purchased pursuant to section 4 hereof,
5 and not disposed of pursuant to this Act. Except for the
6 rotation to prevent deterioration and except for the disposal
7 of any material pursuant to section 4 of this Act, materials
8 acquired under this Act shall be released for use, sale, or
9 other disposition only (a) on order of the President at any
10 time when in his judgment such release is required for pur-
11 poses of the common defense, or (b) in time of war or during
12 a national emergency with respect to common defense pro-
13 claimed by the President, on order of such agency as may be
14 designated by the President.

15 “SEC. 6. (a) Pursuant to regulations issued by the
16 Chairman, every material determined by the President to be
17 strategic pursuant to section 3 hereof, which is owned or
18 contracted for by the United States or any agency thereof,
19 including any material received from a foreign government
20 under an agreement made pursuant to the Act of March 11,
21 1941 (55 Stat. 31), as amended, or other authority, shall
22 be transferred by the owning agency, when determined by
23 such agency to be surplus to its needs and responsibilities, to
24 the stock piles established pursuant to this Act, so long as the
25 amount of the stock pile for that material does not exceed the

1 quantities determined therefor pursuant to section 3 hereof.
2 The Chairman shall exempt from this requirement (1) any
3 material which constitutes contractor inventory if the owning
4 agency shall not have taken possession of such inventory; (2)
5 such amount of any material as the Chairman, with the advice
6 of the members of the Board, determines (i) to be necessary
7 to make up any deficiency of the supply of such material for
8 the current requirements of industry; (ii) are held in lots so
9 small as to make the transfer thereof economically imprac-
10 tical; or (iii) do not meet, or cannot economically be con-
11 verted to meet, stock-pile requirements determined in
12 accordance with section 3 of this Act. The total material
13 transferred to the jurisdiction of the Chairman in accordance
14 with this section during any fiscal year beginning more than
15 twelve months after this Act becomes law shall not exceed
16 in value (as determined by the Chairman on the basis of the
17 fair market value at the time of each transfer) an amount
18 to be fixed by the appropriation act or acts relating to the
19 acquisition of materials under this Act.

20 “(b) Any transfer made pursuant to this section shall
21 be made without charge against or reimbursement from the
22 funds available to the Chairman, except that expenses inci-
23 dent to such transfer may be paid or reimbursed from such
24 funds, and except that, upon any such transfer from the
25 Reconstruction Finance Corporation, or any corporation

1 organized by virtue of the authority contained in the Act
2 of January 22, 1932 (47 Stat. 5), the Secretary of the
3 Treasury shall cancel notes of Reconstruction Finance Cor-
4 poration, and sums due and unpaid upon or in connection
5 with such notes at the time of such cancellation, in an amount
6 equal to the fair market value as determined by the Chairman
7 of the material so transferred.

8 “(c) Effective whenever the Secretary of the Treasury
9 shall cancel any notes pursuant to subsection (b) of this
10 section, the amount of notes, debentures, bonds, or other such
11 obligations which the Reconstruction Finance Corporation
12 is authorized and empowered to have outstanding at any one
13 time under the provisions of existing law shall be deemed
14 to be reduced by the amount of the notes so canceled.

15 “(d) Subsection (b) of section 14 of the Act of
16 October 3, 1944 (58 Stat. 765), is hereby amended to
17 read as follows:

18 ““(b) Subject only to subsection (c) of this section,
19 any owning agency may dispose of—

20 ““(1) any property which is damaged or worn
21 beyond economical repair;

22 ““(2) any waste, salvage, scrap, or other similar
23 items;

24 ““(3) any product of industrial, research, agricul-
25 tural, or livestock operations, or of any public works

1 construction or maintenance project, carried on by such
2 agency;

3 which does not consist of materials which are to be transferred
4 in accordance with the Strategic Materials Stock Piling Act,
5 to the stock piles established pursuant to that Act.'

6 "(e) Section 22 of the Act of October 3, 1944 (58
7 Stat. 765), is hereby repealed.

8 "*Provided*, That any owning agency as defined in that
9 Act having control of materials that, when determined to
10 be surplus, are required to be transferred to the stock piles
11 pursuant to subsection (a) hereof, shall make such determi-
12 nation as soon as such materials in fact become surplus to
13 its needs and responsibilities.

14 "SEC. 7. (a) The Secretary of the Interior, through the
15 Director of the Bureau of Mines and the Director of Geo-
16 logical Survey, is hereby authorized and directed to make
17 scientific, technologic, and economic investigations concern-
18 ing the extent and mode of occurrence, the development, min-
19 ing, preparation, treatment, and utilization of ores and other
20 mineral substances found in the United States or its Terri-
21 tories or insular possessions, which are essential to the com-
22 mon defense or the industrial needs of the United States,
23 and the quantities or grades of which are inadequate from
24 known domestic sources, in order to determine and develop

1 domestic sources of supply, to devise new methods for the
2 treatment and utilization of lower grade reserves, and to
3 develop substitutes for such essential ores and mineral
4 products; on public lands and on privately owned lands,
5 with the consent of the owner, to explore and demonstrate
6 the extent and quality of deposits of such minerals, including
7 core drilling, trenching, test-pitting, shaft sinking, drifting,
8 cross-cutting, sampling, and metallurgical investigations and
9 tests as may be necessary to determine the extent and quality
10 of such deposits, the most suitable methods of mining and
11 beneficiating them, and the cost at which the minerals or
12 metals may be produced.

13 “(b) The Secretary of Agriculture is hereby authorized
14 and directed to make scientific, technologic, and economic
15 investigations of the feasibility of developing domestic sources
16 of supplies of any agricultural material or for using agri-
17 cultural commodities for the manufacture of any material
18 determined by the President, pursuant to section 3 of this
19 Act to be strategic, or substitutes therefor.

20 “SEC. 8. There is hereby authorized to be appropriated,
21 out of any moneys in the Treasury not otherwise appropri-
22 ated, such sums as the Congress, from time to time, may
23 deem necessary to carry out the provisions of this Act.
24 The funds so appropriated, including the funds heretofore

1 appropriated, shall remain available to carry out the pro-
2 visions of this Act until expended and (exclusive of sums
3 allocated for the purposes of section 7) shall be expended
4 under the direction of the Chairman.

5 “SEC. 9. Any funds heretofore or hereafter received
6 on account of sales or other dispositions of materials under
7 the provisions of this Act, except funds received on account
8 of the rotation of stocks, shall be covered into the Treasury
9 as miscellaneous receipts.

10 “SEC. 10. Strategic materials purchased from foreign
11 sources for stock piling pursuant to the provisions of this
12 Act shall be admitted into the United States free of any
13 tariff duty, import tax, or other impost applicable to impor-
14 tations. If any such imported strategic material is disposed
15 of pursuant to section 4 of this Act, and if such disposition
16 is made at a price based on the cost to the Government of
17 such strategic material rather than the market price current
18 at the time of sale, there shall be added to such price the
19 amount of any tariff, duty, import, tax, or other impost which
20 would be due were such strategic material imported at the
21 time the sale is made.

22 “SEC. 11. For the purposes of this Act the term ‘stra-
23 tegic materials’ shall not include petroleum or petroleum
24 products.

1 “SEC. 12. This Act may be cited as the ‘Strategic Mate-
2 rials Stock Piling Act’.”

Passed the Senate December 20 (legislative day, December 19), 1945.

Attest:

LESLIE L. BIFFLE,
Secretary.

AN ACT

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

DECEMBER 21, 1945

Referred to the Committee on Military Affairs

STOCK-PILING

HEARINGS

BEFORE THE

COMMITTEE ON MILITARY AFFAIRS

HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

SECOND SESSION

ON

S. 752

A BILL TO AMEND THE ACT OF JUNE 7, 1939 (53 STAT. 811),
AS AMENDED, RELATING TO THE ACQUISITION OF
STOCKS OF STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

FEBRUARY 5 AND 26, 1946

Printed for the use of the Committee on Military Affairs



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STOCK-PILING

TUESDAY, FEBRUARY 5, 1946

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The committee convened at 10:30 a. m., Andrew J. May, chairman, presiding.

The CHAIRMAN. The committee will please be in order.

I wish to make a brief statement to the committee and to the persons present. We have met this morning for the further consideration of S. 752, a bill to provide for the stock-piling of critical and strategic materials.

(S. 752 is as follows:)

[S. 752, 79th Cong., 1st sess.]

AN ACT To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) The President shall establish, within such agency of the Government as he shall designate, a Strategic Materials Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a Chairman (hereinafter referred to as the Chairman), to be appointed by the President, by and with the advice and consent of the Senate, and the following members with whom the Chairman shall advise and consult: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The Chairman shall receive a salary of \$10,000 per annum and is authorized, within the limits of funds which may be made available, to appoint and fix the compensation of such officers and employees, and to make such expenditures for supplies, facilities and services, as may be necessary to carry out the functions of the Chairman and the Board under this Act. Without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, the Chairman may appoint such engineers and other experts as may be necessary to carry out his functions. Upon the request of the Chairman, the head of any agency may detail personnel in his agency, including commissioned officers and enlisted personnel in the armed forces, for service under this Act subject to the direction of the Chairman.

"(b) The Chairman may perform the duties and functions imposed upon him under this Act through such agencies, acting under his direction, as he may designate, and the Chairman shall reimburse such agencies for any expenditures so incurred and for any services so performed out of the funds available to him under this Act.

"(c) To the fullest extent practicable, the Chairman shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Chairman and the Board with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Chairman, plus necessary traveling and other expenses while so engaged.

"SEC. 3. To effectuate the policy set forth in section 1 of this Act, the President with the advice of the Board, shall determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials needed to effectuate the purposes of this Act, and (3) the dates by which such quantities should be acquired. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

"SEC. 4. The Chairman, with the advice of the members of the Board shall—

"(a) direct the purchase of strategic materials pursuant to the determinations as provided in section 3 hereof, which shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and at a price not in excess of the current open market price;

"Such purchases shall be made with the due regard to the objectives set forth in section 1 of this Act, and except where the Chairman with the advice of the members of the Board, shall determine that the objectives cannot thereby be achieved, purchases under this Act shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. Where the Chairman finds that the domestic production of any materials is economically feasible he may direct the purchase of such material without requiring the vendor to give bond.

"(b) provide for the storage, security, and maintenance of strategic materials for stock-piling purposes on military and naval reservations or other locations, approved by the Chairman;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when he deems such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revision of a determination made pursuant to section 3 of this Act, as hereinafter provided;

"No such disposition shall be made until six months after publication in the Federal Register and transmission to Congress of a notice of the proposed disposition. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war;

"(f) submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 4 hereof, and not

disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 4 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the Chairman, every material determined by the President to be strategic pursuant to section 3 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 3 hereof. The Chairman shall exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory; (2) such amount of any material as the Chairman, with the advice of the members of the Board, determines (i) to be necessary to make up any deficiency of the supply of such material for the current requirements of industry; (ii) are held in lots so small as to make the transfer thereof economically impractical; or (iii) do not meet, or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 3 of this Act. The total material transferred to the jurisdiction of the Chairman in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Chairman on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available to the Chairman, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Chairman of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic Materials Stock Piling Act, to the stock piles established pursuant to that Act.

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"Provided, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and

utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined by the President, pursuant to section 3 of this Act to be strategic, or substitutes therefor.

"SEC. 8. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the provisions of this Act until expended and (exclusive of sums allocated for the purposes of section 7) shall be expended under the direction of the Chairman.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"SEC. 10. Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this Act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 4 of this Act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.

"SEC. 11. For the purposes of this Act the term 'strategic materials' shall not include petroleum or petroleum products.

"SEC. 12. This Act may be cited as the 'Strategic Materials Stock Piling Act'."

Passed the Senate December 20 (legislative day, December 19), 1945.

Attest:

LESLIE L. BIFFLE, *Secretary*.

The CHAIRMAN. The Senate has considered this matter and had rather extensive hearings on it. It came up over here, and it was reported to me and, in fact, it is stated in the report of the Senate that the bill, as amended—and I am quoting the bill as amended—

your committee has intended to combine in a single and comprehensive piece of legislation all the features desired by and acceptable to both the Government, the Government departments concerned, and to the mineral and mining industry.

Your committee, through its Subcommittee on Surplus Property Disposal, held extensive hearings in the course of which the views were ascertained of Government departments and industry with respect to stock-piling legislation, and substantial agreement was achieved, resulting in the amendment to Senate 752, reported favorably by your committee.

Now, it was my understanding that this measure as now reported by the Senate, in view of that report in the Senate Committee in the consideration of it, that it was satisfactory to both sides, Government and industry, the fact of the matter is it keeps the committee holding the government of private industry in this country and my concern was to be sure that it was satisfactory to the industry.

Now, we have two witnesses here this morning not necessarily to testify, but I am going to let them make a statement.

By the way, I have discussed the matter with both Mr. Stein and Mr. Conover, representing the minerals, and they have both told me that this matter was, in effect, with some reservations, I believe, satisfactory to them. In addition to that, Mr. Stein wrote a letter to the committee which has been directed to be printed in the hearings, in which he said it was satisfactory to all concerned.

Now, Mr. Stein, would you like to make any further statement on that subject?

STATEMENT OF HAROLD STEIN, PLANNING ADVISER, OFFICE OF WAR MOBILIZATION AND RECONVERSION

Mr. STEIN. Mr. Chairman, I have no formal statement. I could comment in general, if you wish, or I could answer any questions.

I can merely say, in substance, to confirm what you have just said, that we look on this bill as a very satisfactory compromise, and hope that the House will see fit to pass it in the form in which it now lies before you.

The CHAIRMAN. Are there any questions?

Mr. JOHNSON. May I ask him a question?

The CHAIRMAN. Yes, Mr. Johnson.

Mr. JOHNSON. What was the reason for the insertion of section 11, specifically mentioning petroleum and petroleum products?

Mr. STEIN. That is described in the hearings where a representative of the Department of the Interior discussed the matter. Section 11 was inserted because it was not quite determinable as to whether or not petroleum would be classified as a strategic material, and the problems of petroleum are primarily problems of facilities rather than of stock piling in any ordinary sense. It was thought it could better be handled under other existing legislation.

Mr. JOHNSON. Well, as I read the bill, it would exclude petroleum without any mention of it, and the reason for my question is this: Others may want additional exceptions in there if we have this one exception. In your opinion, does the bill without that clause exclude petroleum?

Mr. STEIN. In my opinion I am inclined to think it does. There was some question about it, and, therefore, we raised no objection. The Department of the Interior suggested that the clause should be in there.

Mr. JOHNSON. How large are these stock piles? If you can illustrate it by one particular type of material that will be stock piled.

Mr. STEIN. In the bill, Congressman, there is a whole procedure set up for determining which materials are strategic, and the quantities and qualities of the strategic materials that are to be stock piled. I do not think that it would be a good idea for me to try to guess what will be the result of those deliberations and that decision by the President.

In other words, I cannot properly say now that the President's designee advising the President will come up for a recommendation for X thousand tons or Y thousand tons.

Mr. JOHNSON. In other words, the bill is flexible so they will stock-pile large enough to take care of what they feel are our needs for security purposes?

Mr. STEIN. That is exactly it. That is their responsibility, as people acting under this act. That is exactly right.

Mr. JOHNSON. Would you give the committee your definition of "strategic materials," please?

Mr. STEIN. Yes. "Strategic materials" are those materials which are essential to maintain the essential military and naval and industrial activities of the country in time of war.

Mr. THOMASON. Is that definition set forth in the bill?

Mr. STEIN. The definition is not set forth in the bill, except in a sense. It is implied in the opening section of the bill, which reads as follows:

That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this act to provide for—

and so forth.

Mr. JOHNSON. That probably would vary from time to time depending upon what the international outlook is?

Mr. STEIN. I should think it would vary in that way. It would also vary as our technological information changes. Speaking quite as a layman, I think I can say we might have a use for uranium, now, where 10 years ago it would not have been recommended for inclusion in the stock pile.

Mr. JOHNSON. We might have a use for rubber now and later on we might not have a use for rubber?

Mr. STEIN. That is right.

Mr. JOHNSON. That is all.

The CHAIRMAN. Mr. Stein, is not the question of reservation of oil or exclusion of it from the bill necessary on account of the difficulty of storing oil, and the cost of storing it in tanks and other places, or do you have reference to storing it in the ground, where it is known to be?

Mr. STEIN. Well, there was some discussion among the agencies about this point, and there seemed to be a lack of decision as to what the status was, and there is already pretty elaborate machinery available in the Department of the Interior for handling petroleum problems. It was, therefore, their feeling that it should best be left with the Department of the Interior because of its special characteristics.

Generally speaking, the maintenance in the ground of mineral resources is not stock piling within the meaning of this bill. In other words, if you have a copper mine in which the copper is still in the ore, and in the ground, that is not a stock pile. That is an important strategic reserve and enters into your computation when you determine how much copper you need in the stock pile, but it is not a stock pile when the copper is still in the ground.

The CHAIRMAN. Well, certainly it is not a stock pile, but under the provisions of the bill, could not the Department of the Interior, if they desired to do it, go out and acquire title to areas that are known to contain oil, and leave it there and develop it to the extent that they tested it to know there were supplies of it there, and then leave it in the ground?

Mr. STEIN. Well, under the bill, with section 11 in it, the Secretary of the Interior is given no power to do anything with respect to petroleum or petroleum products, because they are specifically excluded from the bill. He has powers under other acts.

The CHAIRMAN. That is exactly what I was talking about, and that was done with the idea that it was unnecessary to store it in addition to the expense of storing it in tanks?

Mr. STEIN. It was rather explained to us that if shortage of certain types of petroleum products made petroleum a material which should be subject to stock piling—and that was not known although considered as a possibility—then the technical problems of handling it could best be taken care of under other legislation.

The CHAIRMAN. Well, now, let me ask you this: Was there any discussion on the subject of coal in those discussions you had, as to whether or not it was critical or strategic?

Mr. STEIN. That is referred to, as you may recall, sir, in the hearings of the subcommittee of the Senate, and coal was specifically described as a material in which we were not deficient and in which our reserves were enough for hundreds or possibly thousands of years, and, therefore, not subject to stock piling under the objectives of this act.

The CHAIRMAN. All right, sir.

Mr. Thomason, do you have any questions?

Mr. THOMASON. I do not believe the record shows for whom you speak.

Mr. STEIN. I beg your pardon, sir. My name is Harold Stein. I am here on behalf of John W. Snyder, Director of War Mobilization and Reconversion.

Mr. THOMASON. Yes; you indicated that in your letter, but I think it is well for the record that we know just exactly whom you represent.

Mr. STEIN. Yes, sir.

Mr. THOMASON. Now, as I understand it, the Office of War Mobilization approves the Senate bill as is?

Mr. STEIN. That is right, sir.

Mr. THOMASON. You think it meets all the requirements?

Mr. STEIN. I think it does. It is a compromise bill, and there are one or two sections where we would have preferred other wording. We think that, taken all in all, it is a very satisfactory bill and we would be very glad to see it passed as is.

Mr. THOMASON. It accomplishes the purpose and likewise protects the Government?

Mr. STEIN. It does, sir.

Mr. THOMASON. That is all.

The CHAIRMAN. Mr. Brooks.

Mr. BROOKS. As a matter of fact, following the line of the chairman's questions regarding petroleum, under the statement made in section 10 of this bill, petroleum products could not possibly be included in the bill. Is that not correct? Because under section 10 of the bill, it says:

Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations.

And there is an import duty on oil.

Mr. STEIN. No, sir; the object of section 10 is to provide that where strategic materials are procured abroad, and there is a tariff, for the purposes of this act, and for the stock piles to be owned by the Government, and not sold, the duty does not apply. In other words, if we were to buy chrome, or copper, or something like that, for instance, on which there is a tariff, that tariff would not be applicable when the United States Government is buying materials under this act to be kept in the United States Government stock pile.

Mr. BROOKS. Or to cover it, you would have to buy domestic oil on which there is no tax?

Mr. STEIN. Or buy the foreign oil and pay no tax.

Mr. BROOKS. Now, let me ask you this: What do you do under this bill with reference to sugar?

Mr. STEIN. I can only say that from all the discussions I have had with people who are experts on this subject, there would not appear to be any possibility that sugar would be regarded as a strategic material suitable for stock piling under this act.

Mr. BROOKS. Well, how do you regard sugar?

Mr. STEIN. Well, it is something like the chairman's very apt description of coal—essential, that is, but not strategic within the meaning of the act.

Mr. BROOKS. Of course, there is this big difference between coal and sugar. A large part of the sugar crop comes from foreign countries, and I think you will find that the records disclose, if you check back, disclose that the Army urged stock piling of sugar.

Perhaps you read those old reports in which the Army referred to the possibility of bringing about an increase in the domestic production of sugar.

Mr. STEIN. I have not read the reports, Congressman; I am sorry.

The CHAIRMAN. Mr. Durham.

Mr. DURHAM. This committee has had this stock piling question before it for a long, long time, and when we found what kind of shape we were in during the last war, we thought it was necessary. Now, in the stock-piling of these so-called strategic materials, under this bill, would they have the right to just stock pile the raw ore, or would it be the finished product? You see, there are so many processes in these ores, whether or not we would stock pile raw ore, or how far we would go in stock piling these strategic materials.

Mr. STEIN. That is covered in section 4 (c).

Mr. DURHAM. I was not sure whether that was fully covered in there or not. Do you think that covers it to the point where we will not stock pile anything but raw ore?

Mr. STEIN. No. It covers it, rather, the other way. In other words, the Chairman of the Board is given the responsibility for deciding when the materials should be stock piled in the form of raw ore, or when they should be beneficiated or refined or processed.

Mr. DURHAM. It would be entirely in the hands of the Board?

Mr. STEIN. That is right, sir. Certain materials, I would say, are quite properly left in the form of ores or concentrates, or some similar product, while for others, it would be the part of wisdom to turn them into refined forms.

Mr. DURHAM. And this Board would have the authority to determine the size of that stock pile, the amount and pounds or tons or whatever it would be.

Mr. STEIN. The determination of items to be stock-piled and quantities and qualities of those items is vested in the President and not in the Board. It is felt that he, as Commander in Chief, is the person who should make that decision.

Mr. DURHAM. And then, before it is disposed of, you would have to come to Congress; is that right?

Mr. STEIN. That is right. There are two exceptions to that. One is in time of emergency when the President can release it for the emergency or national defense, and, secondly, those commodities which must be rotated to prevent deterioration, the Board can release if it acquires the same amount of equivalent material. There is no net diminution in the stock pile in that case.

Mr. DURHAM. Now, the people had in mind, of course, that we might have to dispose of some of this material at some time, and release it to industry and others.

Mr. STEIN. Yes, sir.

Mr. DURHAM. That covers bidding on this material. It says:

* * * the Board shall determine that the objectives * * * shall be made in accordance with title III of the act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes.

Of course, section 3709 of the Revised Statutes, as you know, requires competitive bidding on all commodities. Now, just where would you want to take it away from competitive bidding if we do have to sell it?

Mr. STEIN. That section, Congressman, refers to the purchase of materials, not to the sale of materials.

Mr. DURHAM. Not to the sale of them?

Mr. STEIN. That refers only to the acquisition of materials for the stock pile. It was felt that in quite a number of cases it would carry out the objectives of the act better and sometimes be cheaper as well to secure materials on negotiated bid, or negotiated purchase, rather than always on competitive bids.

Mr. DURHAM. I thought that applied to selling and buying.

Mr. STEIN. This says, in line 9 of the copy I have, which may not be the same as yours, in subsection (a) of section 4: "Such purchases shall be made with due regard," and so forth and so on. In other words, this paragraph refers exclusively to the purchase of materials and not to any disposal.

The disposal is taken care of in subsection (e) of that section, which requires that there be a plan of disposition, which is submitted to Congress, and which is published in the Federal Register, and which must be submitted 6 months in advance before it can be acted on.

Mr. DURHAM. And you think that competitive bidding, for instance in Rhodesia, Indochina, that it could be done better than by competitive bidding?

Mr. STEIN. It does not exclude competitive bidding. It makes it possible to do it otherwise.

Mr. JOHNSON. Will the gentleman yield?

Mr. DURHAM. Yes.

Mr. JOHNSON. Mr. Stein, assume that there were some strategic materials in Alaska or the Philippines. Does this bill provide that they shall be brought from those areas to the continental United States? Or could they be stock-piled there?

Mr. STEIN. May I have a moment to look at the bill? I had not thought of that question before.

The point is not definitely determined in the bill. It is a part of the job of the Stock Piling Board, which includes the Chairman and the Secretaries of War and Navy, and so on, to see that the material is held and maintained in stock piles at appropriate locations. My own strong feeling would be that it would be extremely unwise to stock-pile materials in the Philippine Islands because we would not be able to use them to meet the industrial, naval, and military needs of the United States.

Mr. JOHNSON. What about Alaska? Assuming that the situation was such that we could stock-pile with safety? Could you stock pile material there?

Mr. STEIN. You could. I would think that one of the considerations that would be extremely important in determining where materials would be stock-piled is their reasonable accessibility to the manufacturing industry that will use them. If industry uses a certain material in Alaska, it might not be a bad place to stock-pile the material. But, in general, the materials will have to be used within the limits of the continental United States, therefore, that is the best place to stock pile them, and not only for strategic reasons. The stock pile is safer here, in general, and it is more usable.

Mr. JOHNSON. But there is the possibility that if the facilities were there and the safety factor were taken care of, that they could be stock piled in some outlying area?

Mr. STEIN. Yes, there is the legal possibility, surely.

Mr. HOLIFIELD. Will you yield there?

Mr. JOHNSON. Well, I just got the floor from Mr. Durham. I yield, however.

Mr. HOLIFIELD. Section b, top of page 5, has something to do with that, as far as the location of these stock piles are concerned.

Mr. JOHNSON. I noticed that. But that is very general.

Mr. HOLIFIELD. It would have to be approved by the Chairman.

Mr. JOHNSON. That is right.

The CHAIRMAN. Mr. Durham. Do you have any further questions?

Mr. DURHAM. Yes. I just yielded to Mr. Johnson.

Mr. JOHNSON. I am through. Thank you very much.

Mr. DURHAM. Well, Mr. Stein, we have a section, 3709?

Mr. STEIN. Yes, sir.

Mr. DURHAM. It looks to me as though we should not abolish that in this bill. It says:

All purchases and contracts for supplies or services, in any of the Departments of the Government, except for personal services, shall be made by advertising a sufficient time previously for proposals respecting the same, when the public exigencies do not require the immediate delivery of the articles, or performance of the service. When immediate delivery or performance is required by the public exigency, the articles or service required may be procured by open purchase or contract, at the places and in the manner in which such articles are usually bought and sold, or such services engaged, between individuals.

It looks like that gives you all the authority. Why would you want to delete that?

Mr. STEIN. I wonder if I can give you an illustration of where I think the attempt to purchase by competitive bidding would be most unwise. Take the case of tin. From all that we know about the

status of things out in the Far East, the general area in which the major tin deposits are found, will be unsettled for some years to come.

Mr. DURHAM. That is right.

Mr. STEIN. If we are to buy tin successfully, without excessive cost, it will almost certainly be necessary to do negotiating, for example, with the Chinese Government, and we may well find that we can get tin much more cheaply and without disrupting the normal purchases of tin for commercial use which must go on at the same time by a special deal, for example, with the Chinese Government, which would not be suitable for competitive bidding.

A lot of these materials come from strange places with Governments imposing all sorts of curious restrictions, and it was found during the war, I should add, that for purchases by the United States, offshore particularly, a considerable latitude, and an exemption from that requirement was necessary if an adequate job was to be done without an undue cost to the Government.

The foreign producers, if I can speak very frankly, are sometimes prone to attempt to take advantage of another Government coming in and trying to buy, and this section is designed for the protection of the United States Government.

Generally speaking, within the United States itself, I should think that the major portion of this program would be accomplished by competitive bidding. Even there, however, it should be pointed out, as Senator O'Mahoney stressed in his comments in the hearings and on the floor of the Senate, one of the objectives of the act is to conserve and develop our resources and in certain cases we would want to see that certain new deposits of materials were developed. That could not be done if we were operating solely under competitive bidding. It might be extremely valuable to the country to have a beginning made in the development of a new mining resource somewhere within the United States.

Mr. SPARKMAN. Will the gentleman yield to me?

Mr. DURHAM. Yes.

Mr. SPARKMAN. Mr. Stein, taking as true what you said, and I think it certainly is true, do you not believe that instead of leaving us wide open, that a proposition where they can simply adopt the policy of making all of their purchases without regard to 3709, that you write the same restriction in there that you do in the beginning of this subsection. In other words, let the general policy be that the purchases shall be under section 3709, but give the Board the right to make exceptions, so that if you want to accept any particular case, let the Board pass on that specific case.

Mr. STEIN. I think, sir, that the basic purpose of section 3709 is already covered in subsection (a) of this section, which directs that the purchase, so far as is practicable—

shall be from supplies in excess of the current industrial demand and at a price not in excess of the current open market price.

In other words, there is already a strong injunction on the Board to keep the price down.

Mr. SPARKMAN. Yes, but you follow that up by giving them the blanket authority to make purchases without regard to 3709. Now, my argument is: Instead of giving the Board blanket authority to make purchases without regard to 3709, that you give the Board the

right to except any specific purchase that it wants to, from section 3709. My proposition would require positive action on the part of the Board in order to take it out of 3709.

Mr. STEIN. I appreciate that, and I do not think I conscientiously could say that they could not operate under such a provision. I think I would have to agree with you that it would be operable. Nevertheless, I think it would tend to delay operations and might result in an adverse effect.

It seems to me that, for this kind of operation, which is done over a considerable period of years, it is very wise to vest latitude in the technique of purchase, which is what we are talking about here, with the Board, because they will meet a continual series of different circumstances. It is very difficult for a board—and I speak with some feeling on this because I have been involved in comparable situations—to find itself in a situation where for, say, eight successive purchases they make exceptions from the general injunction. People begin to get nervous and say, “Are you really living up to what you are supposed to be doing, because you made eight purchases in a row by negotiated bid rather than competitive bid?” And it begins to look as though you are making the exception the rule, and that tends to throw the Board into confusion and make them wonder whether they are doing the right thing and that, in turn, may create a situation which you might desire to avoid.

Mr. SPARKMAN. Will the gentleman yield further?

Mr. DURHAM. Yes.

Mr. SPARKMAN. It seems to me that in time of peace, there is plenty of time ordinarily, and that the country, as a whole, would feel much better. I think they would like for you to have that little nervous feeling to check on yourself and to see if you are living up to the injunctions written into the laws. But ordinarily there will be plenty of time in making these various purchases, and certainly if we would require you to observe section 3709 in an ordinary case, and give you an out for any emergency, or any unusual case, it seems to me that it would be in the interests of the common good and would be better off.

Mr. STEIN. I think there is one further consideration, on which Mr. Conover, for instance, can speak much more authoritatively than I can. In fact, I cannot speak authoritatively at all, but I would like to throw it out as a suggestion. I am told that for a good many of the basic materials of the general kind that would be considered strategic and to be stock-piled, the market tends to run over a period at a certain level. In other words, the price of copper is 11 cents, shall we say, and all copper producers in the country are selling copper at 11 cents, so the competitive bid has very little meaning in a situation like that. You have to allocate among the bidders, if you are going to buy generally in the domestic market, for example. Therefore, I think this is a field of activity where the competitive bidding does not present the same protection to the Government that it does over the generally enormous range of materials that the Government tends to buy, office furniture, office machinery, plumbing, and so on.

The CHAIRMAN. Anything further, Mr. Durham?

Mr. DURHAM. Do you know of any other department of the Government that asked for this release from section 3709?

Mr. STEIN. I cannot tell you. I will be glad to have a search made and report back to you, Congressman, if you like.

Mr. DURHAM. And so far as the limits of the stock pile are concerned, that is entirely in the hands of the Board?

Mr. STEIN. No, sir; it is determined by two things. The determination of the size of the stock pile is in the President. He fixes that. The Board is the agency that gets it up to those limits, within appropriations made by Congress.

Mr. DURHAM. In other words, if the President said we needed a hundred million tons of copper ore, he could get the appropriation to stock pile it?

Mr. STEIN. If he could get the appropriation, I think that is a very large "if."

The CHAIRMAN. Mr. Elston.

Mr. ELSTON. I think that is probably a very serious objection to the bill because this committee would just lose all control over it, from the passage of this act, and the sky would be the limit. It would be up to the Appropriations Committee to decide from there on what should be authorized and appropriated for. There is one other feature of the bill I wanted to ask you about. I notice that the act provides that the property may be disposed of by the same board that does the purchasing.

Mr. STEIN. That is correct, under certain qualifications and limitations.

Mr. ELSTON. Why set up another disposal agency in the Government when we already have several of them? We have one in particular that is set up solely for the purpose of disposing of surplus property. Do you think it necessary to set up a new disposal agency, rather than simply turn the property over to the Surplus Property Administration to be handled?

Mr. STEIN. Actually, it would be my guess that the handling of it would be done by the Surplus Property Agency, because the Board is authorized to use such agencies of the Government as it may see fit, reimbursing them for their expenses. It is not contemplated that the Board would set up its own procurement machinery, for instance. They will use such agencies as the Procurement Division of the Treasury, for example, in acquiring the materials.

The reason for putting the responsibility on the Board is because it is desired to have the Board present to the Congress the disposal plan, at which Congress can look and on which it can make its views known and decide whether or not it likes it and stop it if it does not like it. And the Board, it is felt, is the proper agency to make that report to the Congress, on which the Congress can act. Then, if the plan is approved, it would use the appropriate agencies, which I think would be the Surplus Property Disposal Agency, if that agency is continued, for the actual technical operation of disposal.

Mr. ELSTON. If they did not want to do it, though, they would not have to and they could set up their own disposal agency and we would have another agency to go ahead and do the work performed now by an existing agency of the Government. Do you know of any reason why the disposal of all this property could not be handled through Surplus Property Administration?

Mr. STEIN. Well, it is not contemplated that disposal is going to be a common occurrence. It would be extremely rare. It was thought that it was of great importance, and industry felt, and the Government agreed, that it should be done under very careful restrictions and under a policy laid down under the act, and subject to approval by Congress as is spelled out in this bill and it was felt that the Board was the agency that had to explain why it wanted to dispose of something and how it wanted to go about it. The actual mechanical job of selling property, which is disposed of, would be handled by the appropriate agency.

It is not contemplated, also, Congressman, that this agency will come in for large appropriations to set up a large staff. It will be a small agency, issuing directives, as I have indicated, to such agencies as Treasury Procurement, telling them to do thus and so in acquiring certain materials and similarly in the disposition of them.

Mr. ELSTON. Who would decide what was a critical material?

Mr. STEIN. That is determined by the President. That is covered in section 3:

* * * the President with the advice of the Board, shall determine from time to time (1) which materials are strategic * * *.

Mr. ELSTON. That could be anything, then, could it not?

Mr. STEIN. Yes, except that the President must live within the spirit, intent, and objectives of the act which are spelled out pretty clearly in the opening section.

Mr. ELSTON. Do you think it would be possible to define in the act what shall constitute strategic materials?

Mr. STEIN. I do not.

Mr. ELSTON. Well, if you do not do it, then, you open the door to purchases of just almost anything.

Mr. STEIN. I think one has to assume that the President will live up to the objectives of the act spelled out by Congress. I would not have any right to assume differently, I think.

Mr. ELSTON. Well, on the other hand, Congress has some responsibility in the matter, too, and not to just give blanket authority to go out and buy anything.

Mr. STEIN. I might point out—and I think this is quite relevant to the questions you have been asking—that reports are required to be submitted every 6 months covering all the operations under the act.

Mr. ELSTON. What good are the reports going to do? That is simply telling what has happened.

Mr. STEIN. This is a rather slow process. It would take a good many years to build this stock pile, and if the operations are unsatisfactory, why, 6 months' operations can go on in a sense without congressional check, except as Congress has previously determined the amount of money it will appropriate, and Congress can change the course of that. You do not have 20 continuous years of operations contrary to your desires.

Mr. ELSTON. I notice you are amending subsection (b) of section 14 of the act of October 30, 1944.

• Mr. STEIN. Yes, sir.

Mr. ELSTON. What act is that?

Mr. STEIN. That is the Surplus Property Act.

Mr. ELSTON. Well, then, you are just quoting from that act when you talk about livestock operations?

Mr. STEIN. That is right. That was a technical amendment required to conform the two acts.

The CHAIRMAN. Mr. Holifield.

Mr. HOLIFIELD. Well, I have very little to say, Mr. Stein, except that in section 2, certain discretion is allowed to this Board, enumeration of who the Board is, and Cabinet members or their representatives seems to be adequate precaution that they will not indulge in the indiscriminate stock-piling of materials which would not be considered as necessary, and I think that the discretion of the Board, being composed by such important people, could certainly be relied upon by this committee.

Mr. STEIN. I would certainly hope so, and we would not support the bill if we did not agree.

Mr. HOLIFIELD. The Chairman of the Board being approved by the Senate also.

Mr. STEIN. Yes, sir.

Mr. HOLIFIELD. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Fenton.

Mr. FENTON. I have one observation, Mr. Stein. Is the Surplus Property Board disposing of any so-called strategic materials at the present time?

Mr. STEIN. The whole question of disposal of strategic materials is regulated by regulations established by the Surplus Property Board under the Surplus Property Act.

Actually, the disposal agencies, as such, are not disposing of critical materials. However, the Reconstruction Finance Corporation, Office of Metals Reserve, is disposing of copper, for instance, at the present time, assuming copper is a critical material, because the needs of industry are greater than our mines or even our imports can supply. But it is not disposing of any materials which are in excess of the needs of industry and certain materials have been—at least one that I can think of offhand—transferred to the stock pile under the act of 1939 and frozen there, because they were not needed for the current needs of industry.

Mr. FENTON. They do not have any other items that can be disposed of now?

Mr. STEIN. That particular item that happened to occur to my mind was vanadium. There are other materials held in that stock pile under the act of 1939, which is the predecessor to this act—in fact, this is technically an amendment to it—which are held there, frozen in that permanent stock pile, and which are not being released of course.

Mr. FENTON. Are any medical supplies being disposed of?

Mr. STEIN. I have here, if you are interested, a list of the items in the stock pile under the act of June 7, 1939. They are found on page 65 of the report of the Senate hearings on the bill, and they include two medical materials—quinine hydrobromide and quinine sulfate. Those are frozen. They are being held.

Mr. FENTON. That is the report, you say?

Mr. STEIN. Yes. Shall I hand it to the reporter? It is table 1 of page 65 of the Senate hearings.

Mr. FENTON. I wish you would.

The CHAIRMAN. That will be inserted.

(The table above referred to is as follows:)

TABLE I.—*Statistical summary of stock-pile activity under act of June 7, 1939*

Material	Unit of measure	Quantity purchased to Oct. 31, 1944	Quantity re- leased to Oct. 31, 1944	Balance in stock pile Oct. 31, 1944
Cadmium.....	Pound.....	399,672.47	399,672.47	None
Chrome ore.....	Long ton.....	239,839	None	239,839
Industrial diamond.....	Carat.....	1,089,146.19	None	1,089,146.19
Manganese ore.....	Long ton.....	128,666	None	128,666
Manila fiber.....	Bale.....	146,057	146,057	None
Mercury.....	Flask.....	20,010	None	20,010
Mica:				
Block.....	Pound.....	700,646.5/8	700,646.5/8	None
Splittings.....	do.....	5,000,512.1/2	None	5,000,512.1/2
Monazite sand.....	Metric ton.....	2,934	None	2,934
Optical glass.....	Pound.....	12,176.75	12,176.75	None
Quartz crystals.....	do.....	52,413	14,718	37,695
Quinine hydrobromide.....	Ounce.....	1,491,457	None	1,491,457
Quinine sulfate.....	do.....	7,194,749	4,917,382	2,277,367
Tin (pig).....	Short ton.....	11,457	None	11,457
Tungsten ore.....	do.....	5,830	None	5,830

The CHAIRMAN. Is that all, Dr. Fenton?

Mr. FENTON. Yes.

The CHAIRMAN. Mr. Johnson, anything further?

Mr. JOHNSON. No further questions.

The CHAIRMAN. Mr. Martin.

Mr. MARTIN. I would like to ask about the authority given in this proposed bill, under section 3, for determination of strategic and critical materials, along the lines Mr. Elston questioned you about as to whether or not the powers for acquisition of strategic and critical materials can be exercised as to critical materials to the extent of importing those materials listed as critical, which are available within our own country, would it bring about a competition with foreign imported critical materials at the determination of this Board, with the consent of the President?

Mr. STEIN. Well, the basic injunction laid on the Board in procuring the strategic materials which have been determined as such by the President is to carry out the objectives of the act.

In certain cases, from the testimony given at great length by experts in the field, it would appear that our own reserves are almost depleted and that, therefore, it would not enhance the security of the United States to take a material "X" out of the ground and put it on top of the ground, and that what we actually need is to import additional quantities from abroad so that the amount we import plus the amount we have both in and out of the ground domestically is enough for a safety factor in time of emergency. In those cases it would be the duty of the Board to acquire the materials abroad.

Mr. MARTIN. But I had in mind the effect of such a policy of importing, an item such as manganese, at the expense of the development of our own substandard deposits of manganese.

Mr. STEIN. The Board has the dual responsibility of seeing that stock piles of adequate size are developed, and also of developing new resources. That is set forth very clearly in the objectives. And in section 4 (a) the Board is laid under the injunction to achieve the

objectives set forth in section 1, and that includes the development of undeveloped reserves, where that will aid in the general conservation and development of our resources and enhancing of the national security.

Mr. MARTIN. Do you feel that those provisions you have just cited are a sufficient limitation on the powers of this Board to require them to go ahead with the development of some of our substandard deposits, rather than take the easy course of importing from foreign countries?

Mr. STEIN. In that it enhances the national security because this is all aimed at the national security.

Mr. MARTIN. In the field of rubber, would that continue the development of local production of rubber, both natural and synthetic, or would it mean simply the importation from the Dutch East Indies of a natural rubber supply?

Mr. STEIN. Well, I would think, Congressman, that that is just the kind of hard question that the Board has to work on and determine at the hearing, from people who know all the facts on which you can make a sensible determination, and I am not in possession of those facts and I am not a qualified person to answer it. That is the kind of question that they must ask themselves and to which they must find the right answer.

Mr. MARTIN. How far would we go in the development of new crops with subsidy assistance, as hemp, drawing, as we have had, out in the Middle West, or would we go ahead and acquire them from foreign sources and just forget our local developments?

Mr. STEIN. Well, we are not going to forget our local development, because one of the sections that was placed in this bill during the course of its consideration in the Senate committee was section 7 (b), which directs the Secretary of Agriculture to make—

scientific technologic, and economic investigations of the feasibility of developing domestic sources.

That section was further amended in the Senate to broaden the Secretary's authority and responsibility.

The two objectives of developing our own resources and of securing an adequate pile of material, physical pile of material, are always before the Board and in some cases they will conclude that the defense of the United States requires us to concentrate on one, and in some on the other, and in some, I would think, on both. So that part of the funds appropriated by the Congress go toward purchases that encourage development of resources, and part go toward building up a larger stock pile. It is partly a question of timing.

If we ever are in the tragic situation where it looks as if an emergency is very close at hand, then, they would probably concentrate mostly on increasing the size of the stock pile up to the goals.

Mr. MARTIN. My criticism of this bill is that they seem to take the entire load of determining policy off the Congress and making it in a Board here.

Mr. STEIN. Sir, I know of no way of writing legislation so you can adequately predetermine the answers to very delicate questions such as the one you have raised.

The CHAIRMAN. Will the gentleman yield?

Mr. MARTIN. Yes.

The CHAIRMAN. Does the Congress say in this particular bill that before you should buy from abroad you should first develop or test

out whether or not we have the resources at home and in that way give employment to our own people instead of taking it over in the Ural Mountains in Rumania, for instance?

Mr. STEIN. The provision in here was worked over very carefully first, sir, and it was felt to keep in mind and I think it does keep in mind, the two objectives of the bill and it was felt that stressing one at the expense of the other was unwise. What we are aiming at is national security and the balance that was achieved in section 4 (a) was felt to be, and I think it is, a reasonable balance between the two objectives.

The CHAIRMAN. Go ahead, Mr. Martin.

Mr. MARTIN. Well, I have a very real recollection, in the struggle leading up to World War II, that we found it possible to identify and name some 17 materials we called strategic, and we considered our role as to those materials quite different as with respect to the ones listed as critical. Now, as peace comes on, we do not seem to be able to go in with the same approach. It seems to me we have more time now to give emphasis to the development of our own resources, and there are some resources that need considerable development. They were developed. I recall one item in particular, the emergency that developed around quartz crystals and then I found later during that war that we had developed several new ways of meeting that shortage of quartz crystals through the sheer necessity of war, but under the powers given here, a board that did not see fit to go ahead and develop things like that, in peacetime, could take a rather indifferent attitude toward such things, and take the easy course of importing and letting our domestic development go hang. And that is a little too much power, it seems to me, to take away from us as a policy-determining body and to throw over to a board.

Mr. DURHAM. Will the gentleman yield? I think you have got to make these questions in accordance with title III of the act, which is the "Purchase American" act, if you read it, is that not correct, Mr. Stein?

Mr. STEIN. That is correct. Title III is the "Buy American" act, so-called. And, as you will see, in section 4 (a), the purchases are to be made in accordance with title III of the act of March 3, 1933—except where the Chairman, with the advice of members of the Board, shall determine that the objectives cannot thereby be achieved.

So you have a sort of preliminary injunction that they should be bought within the country unless the objectives cannot be achieved thereby.

Mr. MARTIN. My purpose in questioning along this line is to see that in our desire—and we all have the desire to have adequate stock piles of strategic materials particularly—but in going in that direction, I do not want to make our future outside the stock piles wholly determined by the lines of dangerous travel and not of our own local field of development.

Mr. DURHAM. If the gentleman recalls, tungsten is an outstanding question of that.

The CHAIRMAN. Yes. Well, gentlemen, it is all right to have discussions among ourselves. We can do that in executive session. Let us get through with the witness. We have still another witness.

Mr. MARTIN. That is all.

The CHAIRMAN. Mr. Kilday, do you have any questions?

Mr. KILDAY. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Sparkman.

Mr. SPARKMAN. Mr. Elston was bringing up the point about the possibility of setting a specific amount of appropriations for each year, rather than just leaving it wide open to the Appropriations Committee. In other words, limiting the authorization. Prior to the war, the limitation was set at \$10,000,000 a year. This committee, I think, favorably reported the bill at \$25,000,000, but the Budget limited it to \$10,000,000 a year. What would be your thought as to the amount that should be authorized, if this committee should decide upon a limitation?

Mr. STEIN. I do not think I am competent to state offhand what an appropriate authorization would be. I think that my friends in the Bureau of the Budget would not object to my saying that they now greatly regret their parsimony in 1939 or 1940, whenever it was.

Mr. SPARKMAN. Of course, this committee fought over that thing for 2 or 3 years before we could get any approval from the Budget for any amount, and finally they did approve \$10,000,000 a year.

Mr. STEIN. All I can say is the committee was absolutely right.

Mr. SPARKMAN. Do you think \$10,000,000 would be too little now?

Mr. STEIN. I think it would be very much too little but I am speaking off the cuff and am not really competent to say.

Mr. SPARKMAN. I understand. Do you think \$25,000,000 would be more in line?

Mr. STEIN. I would like to suggest this, if I may: As soon as the bill is passed, if the Congress does pass this bill, the President will start the machinery to work and there will be a determination of the stock-pile items and stock-pile goals. With that decision in hand, although it will be changed from time to time, no doubt, but at least for the immediate future it will be possible to estimate about the total cost of the stock pile at the current market prices. The President is also required to determine the over-all length of time over which the stock pile should be secured—15 years, 20 years, 25 years, or whatever it may be. That would then give us a line on about how much could reasonably be spent in 1 year, or should be spent in 1 year. Until that is done, I think it would be unwise to attempt to try to fix an amount now, because I do not think any of us would be in a very good position to do so.

Mr. FENTON. Will the gentleman yield?

Mr. SPARKMAN. Yes.

Mr. FENTON. Under section 7 I notice that they are giving authorization to the Secretary of the Interior and the Secretary of Agriculture for research work. Do you not think there is a duplication there? We have at the present time certain scientific laboratories both in the Department of the Interior, in the Bureau of Mines, and the Agriculture Department for scientific research.

Mr. STEIN. Shall I comment on that?

Mr. FENTON. Yes, please.

Mr. STEIN. The section covering the authorization to the Secretary of the Interior, section 7 (a), was discussed at great length. We went into that question of whether this duplicated other powers of the Secretary of the Interior, and other authorizations and appropriations. There was some feeling that possibly it might be covered by other powers of the Department of the Interior. Nevertheless, this pro-

vision is a provision that appears in the earlier bill, and it was felt, after consultation with people who know something about how the laws work, that not having it in here would have the effect of repealing this authority of the Secretary of the Interior, and would make it extremely questionable that he had the authority to do the work. It would cast discredit and doubt on it. Therefore, it was felt that it should not be omitted from the bill. The Department of the Interior felt strongly about that, and felt that if the action was desirable, this was the right place to authorize it. The comparable provision, with respect to the Department of Agriculture, was inserted by the Senate committee which considered the matter, and it asked the Government agencies and others interested whether we approved of the Secretary conducting such research. We did and the Senate committee felt, and I think they were probably wise, that it was wise to be sure that the Secretary had those powers by putting them in this bill.

Mr. FENTON. Thank you.

Mr. SPARKMAN. One other matter I want to inquire about and that is this: the matter of the tariff. Section 10 provides that strategic materials for stock pile purchased abroad may be admitted to the United States duty free. Now, I am thinking about some of these materials that we have in this country, but perhaps have in scarce quantities. Has any thought been given to a policy of readjusting the tariffs in order to encourage the importation of these raw materials so as to reserve our own supply? I have in mind particularly aluminum. We know that our aluminum supply in this country is quite short. In fact, during the war we almost depleted it.

Mr. STEIN. Bauxite, sir?

Mr. SPARKMAN. Yes, bauxite. Now, so long as we are dependent on bauxite for the production of aluminum, it seems to me that it would be a wise policy to take the duty off bauxite coming in from other countries abroad, so as to encourage the use of it while conserving our own supplies.

Mr. STEIN. Are you referring now to the duty on bauxite that applies to ordinary commercial imports?

Mr. SPARKMAN. Yes.

Mr. STEIN. That is a very interesting topic. It was not felt that that is something that properly comes up in this bill.

Mr. SPARKMAN. No, I realize that it probably does not come up under this bill, and yet it is a part of the general over-all scheme of conserving those critical and strategic supplies and materials, of which we have a limited amount in this country.

Mr. STEIN. I think that is a proper thing for the State Department and the other interested and responsible agencies to take into account in connection with actions under the Trade Agreements Act.

Mr. SPARKMAN. I think that is true so far as action, but I think as far as study and thought is concerned, it comes right back to the people who are interested in our critical and strategic materials.

Mr. STEIN. I should say that I am not speaking at all as an expert, and I am answering rather hastily a ticklish and delicate and important question which you are raising. I am not trying to give an informed, final answer. I do think that is a matter well worth studying, and that it may well be that our tariff system should be looked at

afresh because we are coming toward the end of some of our natural resources.

Mr. SPARKMAN. That is all.

The CHAIRMAN. Mr. Price.

Mr. PRICE. No questions.

The CHAIRMAN. Mr. Andrews.

Mr. ANDREWS. No questions.

The CHAIRMAN. Mr. Short.

Mr. SHORT. No questions.

The CHAIRMAN. Mr. Clason.

Mr. CLASON. No questions.

The CHAIRMAN. Mr. Thomas.

Mr. THOMAS. No questions.

The CHAIRMAN. Mr. Shafer.

Mr. SHAFER. No questions.

The CHAIRMAN. Thank you.

Mr. BROOKS. Has this witness placed in the record a list of these critical materials?

The CHAIRMAN. It is already in the Senate report.

Mr. ARENDS. You recommend the passage of this bill?

Mr. STEIN. Yes, sir.

Mr. ARENDS. Pretty much the same as passed by the Senate? You would not want any material amendments?

Mr. STEIN. No, sir; we would not.

Mr. ARENDS. Or changes?

Mr. STEIN. We would be very glad to see it passed exactly as it is.

The CHAIRMAN. All right. Thank you, Mr. Stein.

Will you please come around, Mr. Conover?

As I said in the beginning, we were told this bill was satisfactory to the Government agencies, and the industry, and I called General Royall about it, and so did the clerk. He first told the clerk that it was not satisfactory to the War Department. Then he told me that it was satisfactory, and I told him to get together with Mr. Stein and others interested and determine whether it was satisfactory or not. finally he called me back and said it was satisfactory. Now, I want that in the record.

Mr. ELSTON. Do you not think we ought to know what changed his mind, Mr. Chairman?

The CHAIRMAN. No; we should not go into his mind.

We will call Mr. Conover now.

Mr. Conover, you heard me make a statement here at the opening of the hearings with respect to this bill being satisfactory to both industry and Government?

Mr. CONOVER. I think that is a true statement, Mr. May.

The CHAIRMAN. Well, will you tell us whom you represent?

STATEMENT OF JULIAN D. CONOVER, SECRETARY, AMERICAN MINING CONGRESS

Mr. CONOVER. My name is Julian D. Conover. I am Secretary of the American Mining Congress, which represents the mining industry of this country.

I have a short, prepared statement, but I think the testimony which Mr. Stein has given is adequate, and I do not believe it is neces-

sary to take the time of the committee to present it. I will be glad to submit it for the record, and I will simply say, in substance, that the mining industry is in agreement with the position of the Office of War Mobilization and Reconversion, that S. 752 is a satisfactory compromise, that it is more important to pass it promptly than to try to perfect it further, and we would suggest that it be passed without amendment.

The CHAIRMAN. All right, sir.

Mr. DURHAM. Does your organization cover all the mining industry?

Mr. CONOVER. All branches of the mining industry.

The CHAIRMAN. You do not include coal, of course, do you?

Mr. CONOVER. Yes, sir.

The CHAIRMAN. You do?

Mr. CONOVER. Yes, sir. That is a very important branch of the mining industry, Mr. May, as you know.

The CHAIRMAN. I do not know how we would have gotten along in this war without it.

Mr. JOHNSON. Do you include petroleums?

Mr. CONOVER. No, sir.

The CHAIRMAN. Is this a satisfactory bill to the petroleum people?

Mr. CONOVER. I am not authorized to speak for them. I have seen some of them from time to time and have heard no objection or expression of interest from them. I would assume that it is satisfactory.

The CHAIRMAN. You read that brief statement you have, will you please, and then I would like to get the committee in executive session.

Mr. CONOVER. I will be glad to.

We concur with Mr. Stein's statement that S. 752 as passed by the Senate, while not ideal, represents an excellent compromise of the various viewpoints, and is a sound, workable measure for the creation of strategic material stock piles.

The mining industry naturally views with concern the accumulation of large stock piles of metals and minerals, which inherently threatens the confidence necessary to mining operations. We realize keenly, however, the dangerous delays and confusion which have attended the wartime procurement of various critical raw materials in adequate quantities. Accordingly, as citizens we endorse and approve the Administration's view that stock-piling is necessary for the future.

Our principal concern with the pending legislation has been that the stock piles thus created be held inviolate for a future military emergency—that any release of these vital materials be only for purposes of national defense. They must not under any circumstances be used as buffer stock piles. The minerals and metals in the stock pile—Mr. Chairman, that is our understanding, Mr. Chairman, is that some 90 percent of the stock piles would consist of minerals and metals, constitute a permanent, indestructible reserve of basic materials; a form of national insurance which should never be allowed to lapse through dissipation of this strategic reserve.

It is fundamental that Congress retain control over the stock piles. No administrative agency should have the power to use or release them for other than war purposes without specific congressional

approval. An exception may be made in the case of materials that become obsolete for war purposes; yet even in such cases, Congress should be fully advised in advance as to the reasons for any intended release from the stock piles.

We commend the provisions of S. 752 which retain, in this respect, the important features of the original May bill, H. R. 2624. These make it clear that materials may be released only (1) for purposes of the common defense; (2) by reason of obsolescence for use in time of war, after 6 months' notice to Congress and publication in the Federal Register giving full reasons for such a finding; (3) for rotation, of course, where necessary to prevent deterioration; or (4) for any other reason, subject to the specific approval of Congress. The bill also provides for the release of surplus Government stocks to meet current deficiencies in the supply for industry.

These provisions, we submit, afford adequate flexibility for adapting the stock pile to changing developments. Further flexibility is not necessary and would, without any compensating advantage, impair, if not destroy, the confidence on the part of mining men and investors needed for continued development and expansion of the mining industry. This was discussed at length before the Senate committee. (Pp. 67-69 of the hearings on October 30, 1945.) For our future defense and security, it is vital that we maintain a healthy, "going" mining industry, constantly developing additional reserves and new sources of ore, together with new methods of treating lower grade and hitherto noncommercial deposits, and equipped with the necessary plant, organization and know-how to serve the Nation in any future emergency. The physical stock piles cannot possibly supply the full requirements of a major conflict. They are only a first line of defense, and must be backed up by a vigorous, functioning mining industry, capable of continuing to produce the large additional quantities of minerals that will be required. Such an industry as our basic source of many of these war materials.

The controls over stock-pile materials in the bill now before you are essential to avoid serious damage to this basic source of materials—a sound and healthy mining industry—as well as to maintain the prerogatives of Congress in the important questions of public policy and national defense that may arise in the future.

This matter is so all-important that we are not taking the time of the committee to discuss other features of the legislation. The mining industry is in general agreement that the bill as now drawn is in workable form and represents sound national policy. We agree fully with the suggestion by the Office of War Mobilization and Re-conversion that prompt legislation is desirable, and that S. 752 should be reported without amendment.

Thank you very much.

The CHAIRMAN. In other words, Mr. Conover, the only thing you are interested in here is the possibility of a large stock of these materials which might become competitive with private industry?

Mr. CONOVER. Any large stock of materials in being, of that sort, is always a threat to the industry, and we feel it should be safeguarded by congressional control.

Mr. SPARKMAN. Mr. Conover, in your oral statement, and before the reading of your prepared statement, you said that your industry

believed this legislation was so urgent that we ought not try to perfect the bill, or some such statement as that.

Mr. CONOVER. Yes, sir.

Mr. SPARKMAN. What is the urgency of it?

Mr. CONOVER. Well, Mr. Sparkman, legislation for stock-piling has been pending for a number of years. The industry does not know where it stands with respect, particularly, to the surpluses of strategic materials which were accumulated during the war. There should be some treatment of the matter, in one way or the other, so that there will be definiteness, just as we feel there should be definiteness in the handling of the stock piles after they have been built up.

Mr. SPARKMAN. Well you regard it urgent insofar as the industry is concerned, and not insofar as the actual acquisition of stock piles is concerned?

Mr. CONOVER. That is a matter of national policy, sir; we feel that stock piling is desirable, is sound policy, that the Government should take advantage of the present existence of some of these surpluses of strategic materials which may be put into the stock piles. They have already been acquired. They require no further appropriation, and legislation should be passed to insure that these stocks will not be dissipated but will be transferred to the stock pile.

I might say that the requirement of the Surplus Property Act, section 22, which provided that strategic material surpluses go to the permanent stock pile, has expired. As I stated to the chairman the other day, the Surplus Property Administration is working on borrowed time, so far as these materials are concerned; and I understand that the Government agencies desire prompt action on S. 752 to clarify this situation.

Mr. SHORT. Mr. Conover, we should take advantage not only of the surpluses that have accumulated during the war, but also of the expanded facilities that the Government has built up at enormous expense, is that not right?

Mr. CONOVER. Yes, sir.

Mr. SHORT. They should not be allowed to just go to ruin.

Mr. CONOVER. I agree with you.

Mr. SHORT. And the mining industry—at least in many phases of it—is threatened with disintegration and decay unless we do take some positive action.

Mr. CONOVER. I think that is true, sir.

Mr. SHORT. Is that not true?

Mr. CONOVER. I think that is a definite element in the situation, Mr. Short, yes, sir.

The CHAIRMAN. Are there any further questions?

Mr. DURHAM. Mr. Chairman.

The CHAIRMAN. Mr. Durham.

Mr. DURHAM. What we have been trying to find out is how much stock piling we have at the present time. Have you made a study of it?

Mr. CONOVER. I have not seen recent figures, Mr. Durham.

Mr. DURHAM. Does your organization have any figures on it at all?

Mr. CONOVER. Those are all Government figures.

Mr. DURHAM. Well there are some that we do not have.

Mr. CONOVER. During the war those figures have been highly confidential, sir.

Mr. DURHAM. Mr. Chairman, I ask that the stock-pile figures of these strategic materials be put in the record.

The CHAIRMAN. Very well, we will get them for you.

(The figures referred to above are to be given in executive session.)

Mr. DURHAM. One other question. Has your organization any objection to the operation without section 3709, that is without competitive bidding? Do you think that would seriously affect the mining industry of the country?

Mr. CONOVER. Well that has not been a matter to which we have given any specific attention, Mr. Durham. I would confirm what Mr. Stein said, that as to metals generally, there is an established market price. In other words, the price is known every day, and if the Government wishes to buy, it can buy at the established market price.

Mr. DURHAM. I can see where we might run into a problem, with the present state of disorganization in world governments. But in the over-all picture, and with respect to all of these materials, it does not seem to me that that is right.

Mr. CONOVER. That is a matter of administration. We do not have any objection to this feature of the bill as it now stands.

Mr. DURHAM. Has your organization made any study of the tariff question, how it would affect your industry?

Mr. CONOVER. Yes, we have been very much interested in that.

Mr. DURHAM. And you do not think that this bill in any way affects that situation, as far as your organization is concerned?

Mr. CONOVER. It would seem that that is largely a question of Government bookkeeping. The Government is making the purchases, and the materials go into the stock pile, and are impounded there. We feel that the important thing is protection against disposal, and that is found in the disposal provisions to which I have referred, section 4, and in the special provision which is contained in section 10.

Mr. DURHAM. Do you think that Congress should know the amount of these materials that are to be transferred, under this bill, to the stock piles?

Mr. CONOVER. I think Congress should be fully informed at all times, sir. I commend very much the provision of this bill which provides for a report to Congress every 6 months, so that Congress can at all times be in touch with developments. This program is in many respects more vital to the national defense than planes or ships; these are the basic materials which we will need in order to make the latest types of armaments.

Mr. DURHAM. I agree with you.

Mr. CONOVER. And I think this committee should be fully informed at all times as to what the situation is.

Mr. DURHAM. Certainly. I agree with you.

Mr. THOMASON. But the amount transferred, or the amount bought, is within the discretion of the President and the Board, and of course proper accounting should be made to the Congress, by means of regular reports.

Mr. CONOVER. Absolutely, sir.

The CHAIRMAN. Are there any further questions?

Mr. MARTIN. I have a question, Mr. Chairman.

The CHAIRMAN. Mr. Martin.

Mr. MARTIN. Along the lines of Mr. Sparkman's comment and Mr. Durham's questioning, as to the matter of extent and need for stock piles, and availability of materials for stock piles, are you opposed to putting any limit at all on the authorization as to amount of money available for this purpose?

Mr. CONOVER. Well, you are catching me on some things to which we have not given such close attention, because they are administrative matters, and I defer largely to Mr. Stein in that respect.

We are for economy in Government at all times. I would say that the control always exists, in Congress, on the amount which may be appropriated. Congress always has the authority——

Mr. MARTIN. But there would be no further effective control, as far as this committee is concerned. The control you are talking about is that exercised by the Appropriations Committee and not this committee.

Now I have an idea that industry knows pretty well what the available stock piles are in most of these items, and I have an idea that the War Department and Navy Department have a fair idea of what our needs are to meet an emergency. If they do not know by now, they are pretty late. Now it seems to me that our committee should either be able to get something more specific than has yet been offered, as to our needs for stock-pile purposes and as to the available supply for stock-pile purposes, so as to arrive at some reasonable limitation to the authorization, or this committee is going to write itself completely off with a limitless authorization, and it will be completely out of the picture from then on out, except to read some reports that might be made. I would like to plead, here and now, for a little more definite statement as to what the stock piles are which are available, where the emergencies are, through lack of stock piles at the present time in any given item, and what the Government needs are, so that we might arrive at some reasonable limitation. And by that I do not mean to cripple our stock piles at all; I am talking about some step that will stop us from overloading on strategic materials. What do you think of that?

Mr. CONOVER. I think that this committee should know definitely what is being done or what is contemplated under this bill. Frankly, Mr. Martin, that question is one to which we have not given much study. We have simply assumed that the Congress as a whole would have full control at all times, because any request for appropriations must come to the Congress.

Mr. MARTIN. That occurs over in the Appropriations Committee and I am talking about preparing for national defense; I do not want this bill to be used as a vehicle to unload on to national defense, by industry, certain items that are not necessary for national defense.

Mr. CONOVER. I might say, with respect to that, Mr. Martin, that the bill leaves it open for the President to determine the amounts and quality of the materials stock piled. There is nothing in the bill which would require the taking over or the acquisition of materials which are not in suitable form, or which exceed the amounts required for national defense.

Mr. MARTIN. But the President, in that case, is at the mercy of his advisers.

Mr. CONOVER. That is true only in the sense that the Board advises the President.

Mr. MARTIN. I have not forgotten President Roosevelt's admonition to the committee here in 1941, that there was no use looking into the rubber situation because we had plenty of rubber on hand and on order.

The CHAIRMAN. All right. Are there any further questions?

Mr. ELSTON. One question, Mr. Chairman.

The CHAIRMAN. Mr. Elston.

Mr. ELSTON. Do you think it is impossible, Mr. Conover, to define, in this act, what shall constitute strategic materials.

Mr. CONOVER. Well, the act is open in that respect, Mr. Elston. It provides for a determination in the light of studies to be made by the Board set up upon the enactment of this bill.

Mr. ELSTON. Well, the only definition that has been attempted so far as this act is concerned is to say that it shall include everything in the world except petroleum.

Mr. CONOVER. I heard Mr. Stein's definition in that respect, and it seems to me he left out one important feature—and Mr. Stein is here to correct me if I am wrong—in that strategic materials, as we have understood the definition, are those materials which are needed for the industrial, military and naval needs of the country in time of war, and the conditions of supply of which are such that prior provision must be made to insure an adequate supply. As I recall, he did not put in that latter part of the definition.

Mr. ELSTON. Well, I think that is a pretty fair definition. But the definition that is in this act would take in everything in the world except petroleum, or petroleum products. Do you know why that was the only exception made?

Mr. CONOVER. Only what the previous witness said on that, sir. I have no further information.

Mr. ELSTON. Well, petroleum could become a strategic material, could it not?

Mr. CONOVER. I understand petroleum has been listed as one of the strategic materials, and that it was excluded because of special characteristics which might call for separate treatment.

Mr. ELSTON. During the war we so depleted our supply of petroleum, in order to carry on the war, that I understand now our supply is not going to last forever. In fact, its years are numbered.

If that is true, it would seem to me that it ought to be included rather than excluded.

Mr. CONOVER. That is a question, of course, of how far we can see through the ground. We have been steadily developing new techniques and new reserves.

Mr. JOHNSON. Mr. Conover, does the Surplus Property Board have an inventory of all these materials?

The CHAIRMAN. Well, we will get that from somebody.

Mr. JOHNSON. Well, he may know. Do not they have an inventory?

The CHAIRMAN. Well, the witness with the Board can tell us about it.

Mr. STEIN. Shall I speak to that question, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. STEIN. The list of the materials held in the permanent stock pile under 1939 is already in the record.

The CHAIRMAN. What about the quantity in the stock pile? That is all we want to know.

Mr. STEIN. The figures are right here.

Mr. JOHNSON. Is it in the Senate record or in our record?

Mr. CONOVER. It is in the Senate record. I gave it to the reporter.

Mr. MARTIN. That is just a tiny drop in the bucket compared to what we are considering here with respect to stock piles in industry.

The CHAIRMAN. All right. Thank you very much, gentlemen. Sorry to have kept you so long.

Is there anyone here from the War Department who wants to be heard on this matter?

(No response.)

The CHAIRMAN. Let the committee go into executive session.

(Whereupon the committee went into executive session.)

(The letter of Mr. Viener, president, metal dealers division, National Association of Waste Material Dealers, referred to and requested to be placed in the record, is as follows:)

WASHINGTON, D. C., January 30, 1946.

SURPLUS PROPERTY ADMINISTRATION,

Washington, D. C.

GENTLEMEN: It has come to the attention of the metal dealers' division of the National Association of Waste Material Dealers that the Government, through the Surplus Property Administration or its successors, intends to stock pile certain scrap materials, as enumerated in section 22, paragraphs (a), (b), and (c), of the Surplus Property Act of 1944. Inquiries made by representatives of the metal dealers' division to representatives of the Surplus Property Administration strongly indicate that scrap metals to be stock piled under this proposed formula are for the following purposes:

1. To stock pile all Government-owned accumulations of strategic minerals and metals, including those owned by any Government corporation, the same to be stored and used for the common defense.

2. As and when supplies of said strategic minerals and metals available to industry are sufficient to meet the current requirements of industry, the Surplus Property Administration, or its successors, shall withhold from transfer an amount of such minerals and metals equal to the deficiency, if any, estimated as likely to exist for the requirements of industry for a period of 6 months for purposes other than war production; and may dispose of the minerals and metals so withheld to the extent necessary to meet any such deficiency actually found to exist, at the market price of the respective minerals and metals.

3. Under the provisions of section 22 of said act, the Army and Navy Munitions Board is authorized to direct the removal from the list of any of the materials as defined under said section, in which event they shall be disposed of under the provisions of this act.

Section 22 (a) of this act provides that the Government agency is authorized, either before or after such legal transfer, to cause said metals to be put into forms best suited for storage, and used for the common defense.

Confusion has arisen on the part of certain Government agencies as to whether the metals specifically referred to in the act are primary or secondary metals. In either event, the stock-piling of such metals would of necessity result in taking the scrap metals in the possession of the Government and reducing them to such forms as would have a very serious tendency to eliminate metal scrap dealers from the possibility of handling such commodities in the future as they have for many years past.

Up to the present time, it has been the practice of governmental agencies to deal with scrap metal dealers for the disposition of all scrap metals referred to in the Surplus Property Act of 1944, and that this relationship has been satisfactory to the Government is attested by the fact that the Government has publicly and factually commended scrap metal dealers for the services rendered their Government during the war and up to the present time. It is not understandable, therefore, why the Government should now be attempting to take scrap metals, stock-pile the same in such form and under such conditions as would most certainly eliminate the scrap dealer from participation in the acquiring, selling, and

distributing of such scrap metals, as it has done not only during the war, but for many years prior thereto. In other words, the metal dealers division, after as thorough an investigation as is possible with the information at hand, is definitely of the opinion that the proposed method of handling scrap metals in the future would most certainly not only eliminate the dealers from such business, but would have a grave tendency to close up many dealers' plants throughout the country, and throw thousands of people out of employment.

It is the understanding and the wish of scrap metal dealers that the Government should receive a fair return for its scrap metals. It is clear, however, that if the Government is to be put to the expense of changing the form of said scrap, and stock-piling the same either in its original or changed form, it (the Government) will be put to such unnecessary increased expense in carrying out this plan that millions and millions of dollars will be lost to it in the final disposition of such materials.

Assuming that these scrap metals must be stock-piled, first, they should definitely be stock-piled in the original form, and second, when sold from stock pile, they should be subject to competitive bidding from everyone who is interested.

Up to the present time, the metal dealers division has received no information from the Government as to what sections of the country, and in how many sections, this scrap metal will be stock-piled. It is apparent that if only a few sections of the country are used for such purpose, the small dealer, for financial reasons, would be eliminated from the picture. Therefore, it is self-evident that if the Government wishes to dispose of its scrap metals to the best advantage, it should stock pile in as large a number of places as possible, so that the small dealers may have an opportunity to bid.

It has come to the attention of the metal dealers division that the Government, in working on a stock-piling formula, is attempting certain exemptions of scrap metals from stock-piling requirements—to wit, 25 tons or less. It is apparent to scrap-metal dealers that if the Government is going to embark on a project to stock-pile scrap metals, such as we now understand, a metal dealer who can only acquire scrap in quantities of less than 25 tons at a time will certainly not receive any desirable scrap material, but only that part of the scrap requiring a great deal of labor and expense in sorting, after which all the dealer will have obtained from such allotments will be inferior and contaminated material—all to his detriment. If scrap metals are stock-piled and then released on a showing that there is a civilian shortage, it is plain that such a shortage will be prompted by the needs of the ultimate consumer. The scrap dealer has always functioned in taking care of the ultimate consumer, his operations being as follows: The segregation, processing, and proper distribution of scrap metal into certain recognized standard classifications, for the following markets: Foundries, direct manufacturing users, mills, smelters, refineries, and manufacturing chemists.

In addition to the foregoing, stock-piling of scrap metals is fundamentally unsound, for the following reasons:

1. It is economically unsound to stock-pile scrap metal as such, due to the fact that it is costly to handle and store same.

2. The stock piling of scrap metals in any form deprives thousands of small foundries of their raw material, supplies of which they usually purchase through thousands of scrap-metal dealers. Such foundries, deprived of their scrap metal or ingot metal supplies, will be forced to look for virgin metal, and it is this virgin metal which is easier to stock-pile.

3. In the original recommendation for the stock-piling of scrap metal, the intention was to protect the market against possible dumping of large supplies of war surplus metals during an economic depression. This has not materialized, and may not for several years, as metals are very scarce and there is a market for all scrap metals.

4. Stock-piling scrap metals, or even metal ingots remelted from scrap metals, for future emergency as war material, is undesirable, as such metals are usually alloy and contain a mixture of ingredients that may not be required in the future as strategic war materials. Virgin metals would answer the strategic materials requirements much better than scrap metals or remelted ingot.

If by the stock-piling method as we now understand it, the Government is going to take over the functions of the scrap dealers, and by reason thereof place itself in the position of dealing only with the ultimate consumer, it is plain that this means the elimination of thousands of scrap metal dealers throughout the United States, many of whom are small businessmen.

Accordingly, the metal dealers division of the National Association of Waste Material Dealers respectfully request that they be given an opportunity to confer

with representatives of the Surplus Property Administration, to the end that if the stock-piling project is to be consummated by the Government, it will be under such conditions as will protect, foster, and encourage the continuance of the metal dealers in business, and that nothing will be done to put into effect a plan of stock piling that, as now outlined, would to all intents and purposes eliminate the rank and file of scrap metal dealers.

Respectfully submitted.

JOSEPH M. VIENER,
*President, Metal Dealers Division of the National Association of Waste
Material Dealers.*

Concurred in by:

HERMAN LADENSON,
HENRY LIPKOWITZ,
M. W. ZACK,
Members, Scrap Metal Dealers Council.

STATEMENT BY A. S. J. CARNAHAN, MEMBER OF CONGRESS, EIGHTH MISSOURI
DISTRICT

There are now before Congress different bills for the establishment of military stock piles of materials which are necessary for war, but which this country does not now produce in peacetime at a rate which can be readily expanded to take care of wartime needs. No one challenges for a moment the desirability of such stock piles, nor does anyone question that in the building up of such stock piles, foreign materials may need to be imported in substantial quantity. There is a misunderstanding, however, in some quarters that since domestic peacetime production of these materials has not been economic, that the inclusion in a stock-pile bill of any preference or consideration for domestically produced materials is simply subsidy and is no part of the plan of stock-piling for military purposes. This thinking is, as I have said, based on a misunderstanding of the essential purpose of stock piles. Stock piles are not built with the idea that they, and they alone, can supply the strategic raw materials for an extended emergency. Stock piles are reservoirs which permit a sudden increase in metal production until expanded raw material production can be developed. The only really safe expanded production in wartime is domestic production. Therefore one of the very real and very important purposes of military stock piles is to maintain our peacetime production of strategic minerals on a basis where maximum expansion can be quickly attained in wartime or other emergency. A stock-pile law which would fail to provide this necessary support for basic domestic production of strategic materials, would fail in the purpose of such a military stock pile. The inclusion of provisions to encourage domestic production in a stock-pile bill is a warranted subsidy, not an artificial means of providing employment of both capital and labor, although such a provision is a means of usefully employing capital and labor in peacetime against unforeseen emergency and funds spent in this way buy far more security than equivalent funds spent for a dead stock pile of imported ores.

We now face the question of our ability to establish domestic production of many of the strategic materials so as to provide material for the stock pile and to provide a going industry as the basis for wartime expansion. In most instances our domestic producer cannot produce ore which will meet the specifications set down for the purchase of foreign ores. It is unfair, impractical, and, in fact, impossible to ask him to do so. This does not mean, however, that the specifications must be lowered so as to provide a stock pile of substandard material, nor does it mean that we must pay outrageously for the small amount of domestic material which will meet specifications set up for foreign ores. It means, in most instances, that we must accept in the stock-pile material which has proven acceptable to the consuming industries to the extent that it has proven acceptable without regard to its relationship to artificial specifications established for foreign ores and at a price which is commensurate with its over-all value to the military stock pile. Perhaps we may make this clearer by pointing out that in order to have his material accepted in a stock pile based on specifications for foreign ores, a producer of manganese in Nevada would have to convert Nevada ore into Russian ore. This he cannot do economically. He can, however, convert Nevada ore into electrolytic manganese and do so on a basis competitive with the production of a similar grade of material from foreign ores. Obviously to

the extent that electrolytic manganese has proven acceptable to the steel industry, and it has proven acceptable to a large extent, the military stock pile should contain electrolytic manganese. This not only makes the stock pile itself more versatile and more valuable for improved steel-making practice, but it provides encouragement for converting our substantially inexhaustible supply of low-grade manganese ore into a form useful in both peace and war.

It is, of course, not feasible for the Congress to include in a stock-pile bill* detailed specifications which would insure a proper place for domestically produced material. Congress can, and should, however, insist that the stock-pile bill contain mandatory provisions so that whatever agency is set up to carry out the stock-pile program will be required to take into account the desirability of encouraging domestic production of strategic minerals. Such provisions might be as follows:

1. Materials of domestic origin shall be purchased for the stock pile in preference to foreign materials so long as such materials are offered at a price not exceeding the laid-down price of equivalent imported materials by more than 25 percent.

2. There shall be included in the stock pile any grade of a given strategic material which is acceptable to the industry in an amount proportional to its probable use in wartime.

Such provisions would put the burden of proof on a domestic producer offering a grade of material not in accord with specifications laid down for foreign material, that is, his material was acceptable to industry and that its acceptance and consumption in wartime would justify its inclusion in the stock pile up to an amount which would include the material offered. While an arbitrary stock-pile board or specifications committee could still fail to make fair and intelligent purchases of domestic materials, the proposed supplier of these materials would have a basis on which to conduct a campaign for the acceptance of his product.

STOCK-PILING

TUESDAY, FEBRUARY 26, 1946

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The committee met at 10 a. m., Hon. Andrew J. May (chairman) presiding.

The CHAIRMAN. The committee will please come to order. Gentlemen, we have met this morning for further hearings on Senate 752, a bill which proposes to provide for the acquisition of strategic and critical materials for the national defense. When the committee had this matter under consideration a few weeks ago the question arose as to whether or not the bill as reported by the Senate was satisfactory to the various departments and agencies of the Government, and likewise satisfactory to business and the Nation. There was some question as to that, so the committee decided to have further hearings and find out about it.

Our first witness this morning is Gen. Kenneth C. Royall, Under Secretary of War. We will be glad to hear Mr. Royall, or General, I don't know whether to call you "General" or "Mr. Secretary" now, but we are glad to see you.

STATEMENT OF HON. KENNETH C. ROYALL, UNDER SECRETARY OF WAR, ACCOMPANIED BY COL. WILLIAM H. HUTCHINSON, UNITED STATES ARMY, ARMY EXECUTIVE SECRETARY, ARMY AND NAVY MUNITIONS BOARD

General ROYALL. I told one of the committees a few days ago, Mr. Chairman, that if they could find an appellation for those two, "Secretary" and "General" I would be satisfied.

The CHAIRMAN. I didn't notice, General, whether you were in at the time I made certain remarks here a moment ago about the question of whether or not the Senate bill, as reported by the Senate, 752, was agreeable to the War Department and other Government agencies, and what objection, if any, there was to it, and if there is objection we will be glad to hear you on that subject. You may proceed.

General ROYALL. The War Department favors the bill as passed by the Senate.

The CHAIRMAN. Is there any question by the War Department as to any of the provisions not being sufficient to provide for the national defense?

General ROYALL. Originally the War Department proposed a slightly different bill. In conference with the other agencies and the

Office of War Mobilization the present bill as passed by the Senate was agreed to by all of them as being the one which best met the various views of the various departments, and the War Department is supporting that bill without qualification.

The CHAIRMAN. Are there any questions by the committee?

Mr. SHORT. You would like this legislation to be passed, Mr. Secretary?

General ROYALL. The War Department is in favor of it.

Mr. SHORT. And soon?

General ROYALL. Yes, sir.

Mr. SHORT. There is no pressing need, but the sooner we get started on the program the better?

General ROYALL. Yes, sir.

The CHAIRMAN. I will ask another question, Mr. Secretary. Do you think this bill is essential to the defense of the country and is urgent at this time, or is it a bill that might be considered further and that we should take our time in starting out to create stock piles of strategic and critical materials?

General ROYALL. Well, sir, we already have, under present law, authority to create stock piles, subject, of course, to the necessary appropriations being available from Congress; therefore we could have a stock pile without this legislation. This legislation defines various matters more specifically. It sets up a definite governmental organization which has been approved by all the departments. It has that advantage in having something that has been agreed to. Under the former system there were differences of opinion, and this concentrates the authority in the Executive, which puts it where any differences can be reasonably ironed out.

The CHAIRMAN. I do not recall, but I think the committee wanted some facts or some statement from the Department as to the number of and quantity of materials that are now available in stock piles, and something about what is being done with it.

General ROYALL. Well, Colonel Hutchinson here, who is connected with our Army and Navy Munitions Board, and who is our expert in the Army on stock piling, can give you such specific information as can be disclosed. I believe some of these things cannot be disclosed. Is that right?

Colonel HUTCHINSON. That is correct.

General ROYALL. I mean, they could be disclosed to the committee in executive session but could not be disclosed in open session.

Mr. SHORT. Might I ask, General, if you have existing storage facilities adequate to house these supplies at the present time?

Colonel HUTCHINSON. Under the present law, which provides that all material shall be stored on military reservations, the War and Navy Departments have supplied all of the storage space that has been necessary so far.

Mr. SHORT. You are going to be careful not to dispose, then, of some of these facilities we constructed during the recent war?

Colonel HUTCHINSON. Yes; and plans have been made to provide storage space for all the surplus property—that is, strategic materials—that it is expected will be transferred to the stock pile under the Surplus Property Act.

The CHAIRMAN. Let me suggest to the witness that he give us briefly the quantities of materials you have on hand, and the quanti-

ties of different materials you have to acquire, and when, whether or not the need is imperative or immediate, and likewise tell us why the necessity for a change in the law as it now exists.

Colonel HUTCHINSON. The Army and Navy Munitions Board rendered a report to the Congress on January 3, 1945, which was—the nonconfidential parts of which were published as Senate Document No. 5.

The CHAIRMAN. That is a year and 2 months old.

Colonel HUTCHINSON. In that report was a statement of the materials and quantities that had been purchased with the appropriations. There have been no further purchases since that time, although, under the Surplus Property Act, every day surplus strategic materials are transferred to the stock pile. That is changing all the time, and I do not have the figures up to date of that surplus which has been transferred.

That report also contains a confidential report to the Army and Navy Munitions Board as to the materials and quantities thereof which should be purchased for the stock pile.

The CHAIRMAN. Now, to whom are these stock piles being sold under arrangements that have been made, or are you just transferring them to Surplus Property?

Colonel HUTCHINSON. They are transferred to the Procurement Division of the Treasury Department, and the Treasury Procurement Division holds title to the stock pile and no sales are being made from the stock piles.

The CHAIRMAN. Are sales being made to industry or to somebody else?

Colonel HUTCHINSON. Not from this stock pile; no, sir.

The CHAIRMAN. So they are not changing in any sense?

Colonel HUTCHINSON. Just by addition; no subtraction.

Mr. DURHAM. When you declare some of it surplus, that goes to the Surplus Property Board? That is true as to the War Department and the Navy Department? Is that correct?

Colonel HUTCHINSON. It is declared as surplus to the Surplus Property Administration, now the War Assets Corporation, and it in turn, as to any strategic materials, transfers those under the provision of the Surplus Property Act to Treasury Procurement, to be held by it for the stock pile.

General ROYALL. This Surplus Property Act expressly provides that.

Mr. DURHAM. If this act passes and becomes law, the matter of stock piling of all strategic materials is going to be in the hands of the Strategic Materials Stock Piling Board provided for in the act, and not in the hands of the Army and Navy Munitions Board, as it has been heretofore? Is that correct?

Colonel HUTCHINSON. That is correct, although the Army and Navy Munitions Board does not hold title or physical custody of these materials. That is in the Treasury.

Mr. DURHAM. But you still have authority under present law to stock pile materials, even though this act becomes law?

Colonel HUTCHINSON. No; not if this act becomes law, because this act is a complete revision of the existing legislation, and wipes it out and replaces it completely.

Mr. DURHAM. In other words, the Army is not going to have anything to do with stock-piling except make recommendations?

Colonel HUTCHINSON. That is correct.

General ROYALL. It is in the organization set up by the act, of which the President appoints the chairman.

Mr. JOHNSON. How will this work out? Will the President appoint somebody from the Department, in your opinion, or will he reach out and get a stranger?

General ROYALL. Well, I would dislike to prejudge what the President would do about it.

Mr. JOHNSON. Aren't there men in the Department, some of whom have had a good background in this work, that you could use and transfer them over to this new job?

General ROYALL. Yes; I think there are. And of course, the Army's original view was in favor of that, with the Army and Navy controlling.

The CHAIRMAN. What was it you were in favor of, General?

General ROYALL. The original plan, under which the Army and Navy controlled the contents of the stock pile for national defense purposes.

Mr. JOHNSON. In your judgment what kind of a set-up will this be in numbers? How many employees will there be and how big will the group be?

General ROYALL. I don't think it will be a very large organization except—you mean for determining what should be in the stock pile?

Mr. JOHNSON. Well, the necessary employees in the administrative set-up.

General ROYALL. I don't think it would increase the personnel materially over what is in it now.

Mr. JOHNSON. Is it your judgment that the make-up of that Board with representatives of all these departments, including the Interior Department, will give balance to the thing, so we will get kind of a national policy on it?

General ROYALL. That is the theory on which this act is drawn, and the theory on which the War Department agrees that it would be satisfactory to them.

Mr. JOHNSON. In other words, you get a broader base than if you only had Army and Navy representatives?

General ROYALL. That is correct.

Mr. JOHNSON. Is that your view too?

General ROYALL. You mean my personal view?

Mr. JOHNSON. Yes. Or do you think it would be better in the hands of the armed services? Will you answer that question? If you don't want to, of course, you don't have to.

General ROYALL. Of course, naturally, we feel that the Army and Navy should determine the contents of the strategic stock pile, but we are agreeable to it being determined by an interdepartmental board to which the President names the head.

Mr. THOMAS. Then it is true, Mr. Secretary, that you have not changed your views? Your views are just the same today as they were originally?

General ROYALL. You have got to distinguish between personal views and War Department views. Now, the War Department favors this bill. This question was directed to my personal views.

Mr. THOMAS. I understood you to say "We feel." Whom do you mean "we"? You and the Secretary?

General ROYALL. No; I mean myself. If I used "we" it was not intended to speak for the War Department, but was intended to speak for a few of our officers in the Department who work with me and who feel as I do about it.

Mr. THOMAS. Did the War Department originally also disagree with this bill and were they in favor of having the matter under the jurisdiction of the War and Navy Departments?

General ROYALL. Yes, sir. Since the question has gone this far, may I give you a little history of what happened about it?

The CHAIRMAN. We will be glad to have it.

General ROYALL. A committee was appointed, consisting of myself, who was at that time special assistant to Mr. Stimson—I was not Under Secretary—as chairman, Admiral Strauss of the Navy, a representative of the Interior Department, a representative of the Bureau of the Budget, a representative of the Office of War Mobilization, a representative of the State Department. This committee was appointed to draft a stock-piling bill, and there was divergence of opinion in the committee. The War Department and Navy Department were together. They proposed a bill. There were differences on various processes. Finally a bill was worked out which did not have the concurrence of everybody except on a few points. There were differences on a good many points. We took a majority view of it and submitted that bill to the Office of War Mobilization, and War Mobilization did not take the exact bill that had the majority view but took a modification of it and called another meeting, and we discussed it pretty thoroughly, and all the departments agreed that, taking into consideration the divergent views, they would support that bill. The War Department is supporting it.

As I stated at the outset, the War Department's original view was that the Army and Navy should control the contents of the stock pile, but the War Department now—and I am speaking for the War Department when I say that they favor it.

Mr. THOMAS. They favor it now simply because the majority favors it?

General ROYALL. I would not say it was "simply because." As a matter of fact, everybody must recognize that this Government has divergent views, and we don't get anywhere much if you stand out forever for your own opinion, unless it is a matter of life or death or very vital. Now, this is a matter in which there had to be a little give and take. If this bill destroyed the stock pile, I would say it was life and death, but it does not destroy the stock pile.

Mr. THOMAS. It is a matter of security, isn't it?

General ROYALL. It is a matter of security; yes.

Mr. THOMAS. And therefore, the Army and Navy are vitally concerned in it?

General ROYALL. That is correct, sir. Of course, in fairness to the other view, we have got this situation: In providing for national security we do not merely provide what the Army and Navy uses, because the civilian economy has to have these same articles, and therefore any stock piling of strategic materials is not meant to be merely what the Army and Navy makes munitions out of, but it is a

stock pile which will, after providing for reasonable civilian economy, will leave for the Army and Navy enough for their purposes, and therefore there are other people legitimately interested, and other agencies legitimately interested.

Mr. THOMAS. Under this bill, what protection do the representatives of the Army and Navy get, if they are only certain that they are going to get what is left over?

General ROYALL. Well, that depends on proper administration of the bill. The intent and purpose of the bill is stated to be that there will be sufficient from the Army and Navy for strategic purposes, and we must assume that the bill will be properly administered.

Mr. THOMAS. That is all I have.

Mr. KILDAY. Under this bill you do not destroy nor deplete the existing stock pile?

General ROYALL. No; you do not.

Mr. KILDAY. So that, from that standpoint, the Army might not be justified in holding out, as it would be if the bill attempted to destroy or deplete your stock pile?

General ROYALL. That is exactly the view we took of it.

Mr. SPARKMAN. And furthermore, General, as I read this bill, the Secretary of War and the Secretary of the Navy constitute two members of the Board, and the Board has control over stock piles?

General ROYALL. That is right.

Mr. SPARKMAN. And therefore it is not a case of taking away from the Army and Navy; it is simply setting up a board that recognizes not only the Army and Navy interests, but the interests of these other agencies?

General ROYALL. That is right, sir.

Mr. DURHAM. What was the composition of the old Munitions Board, the Army and Navy Munitions Board?

General ROYALL. The Army and Navy Munitions Board had merely the Army and the Navy representatives on it, and a civilian chairman appointed by the Army and Navy.

Mr. DURHAM. That is what we did in 1939 and 1940 on this stock-piling question?

General ROYALL. Yes. That Army and Navy Munitions Board, following VJ-day has had its functions considerably enlarged and clarified, and it has the broad field of industrial mobilization without much restriction.

Mr. DURHAM. Didn't the State Department have a member on it?

General ROYALL. They had an advisory group.

Mr. DURHAM. I recall how difficult it was for us to get any information from them.

General ROYALL. They have an advisory group consisting of State, Treasury, and Commerce. They are designated to determine materials which are strategic and critical—this is present law—and the quality and quantity of the same to be purchased. The Secretaries of State, Treasury, and Commerce each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of the act. The Secretary of the Interior was a member of the committee with the Army and Navy, but acted through the Army and Navy Munitions Board. So, under the existing law, the Army and Navy have two of the three, therefore they control it. In addition to that

they have a committee with which they must cooperate, consisting of representatives of the State Department, Treasury, and Commerce. The new bill does not give control to the Army and Navy.

Mr. SPARKMAN. General, as a matter of fact, when we passed the other act we did not set up the Munitions Board. It was already in existence.

General ROYALL. Yes, sir.

Mr. SPARKMAN. And we simply used it as the agency to carry out the provisions of the act for the purchase of material.

General ROYALL. Yes; you recognized it by the statute.

Mr. SPARKMAN. Did they also have custody of the material?

General ROYALL. The Treasury Procurement had custody.

Mr. SPARKMAN. In other words, we utilized two agencies?

General ROYALL. Yes; there are two features, custody and determination of the contents.

Mr. SPARKMAN. And we simply used the Munitions Board in cooperation with this advisory board for the determination of what the stock pile should be?

General ROYALL. That is correct.

Mr. SPARKMAN. And for the procurement and custody of it we used the Procurement Service of the Treasury Department?

General ROYALL. That's right.

Mr. SPARKMAN. Now, what this does is to frame all of those functions into one group?

General ROYALL. It does make the Chairman all-powerful.

Mr. SPARKMAN. Subject to the control of the Board?

General ROYALL. Well, I don't think control of the Board; no, sir.

Mr. SPARKMAN. Would that be advisable?

General ROYALL. The Board is merely advisory.

Mr. SPARKMAN. The Board are advisers under the bill?

General ROYALL. Yes, sir.

Mr. JOHNSON. Let me interrupt just a moment. What was the number of that document, Colonel? I didn't hear that.

Colonel HUTCHINSON. Senate Document No. 5, Seventy-ninth Congress, first session.

The CHAIRMAN. Mr. Secretary, you stated, I believe, that the functions of the Army and Navy Munitions Board would be greatly enlarged under this bill?

General ROYALL. Not as a result of this legislation.

The CHAIRMAN. I mean as a result of other legislation.

General ROYALL. Yes, sir. The President, in a directive approved by him, and issued by the Secretaries of War and Navy sometime in August—the 18th of August 1945—restated the functions of the Army and Navy Munitions Board, and I don't want to burden the record with the whole thing, but I will put this in the record and I will read this part of it:

The Army and Navy Munitions Board shall perform the duties which may be prescribed for it by statute, by the President, the Secretaries of the War and Navy Departments acting jointly, and in addition, is designated as the agency responsible for the formulation of plans and policies for industrial mobilization in an emergency and for the coordination of such plans between the services; to coordinate between the War and Navy Departments with regard to industrial matters including the procurement plans of the two services; and to supervise such joint bodies as are or may be created to consider the subjects falling within the scope of the Board's responsibilities.

That, gentlemen, we think is one of the major implements of preparedness. This Board, we think, is immensely important in preparing for the future, that is, in industrial things. Stock piling is merely one of its functions.

I would like to put in the record also that recently we have been successful in getting Mr. R. R. Dupre, president of the Procter & Gamble Co., to serve as the Chairman of the Army and Navy Munitions Board, civilian Chairman.

(The directive of August 18, 1945, follows:)

ARMY AND NAVY MUNITIONS BOARD,
Washington, D. C.

From: The Army and Navy Munitions Board.

To: The Secretary of War and the Secretary of the Navy.

Subject: Reconstitution of the Army and Navy Munitions Board.

1. In view of our experiences in the war and the situation which now exists, it is recommended that paragraphs 133, 134, and 135 of section IV of the "Joint Action of the Army and Navy, 1935," as amended, be rescinded and the following substituted therefor:

SECTION IV. ARMY AND NAVY MUNITIONS BOARD

133. The authority for the Army and Navy Munitions Board is contained in the Joint Board's letter J. B. No. 346 (serial No. 181) of June 27, 1922, approved by the Secretary of War and the Secretary of the Navy June 29, 1922. The Board consists of the Under Secretary of War and the (Under or Assistant) Secretary of the Navy, and a civilian executive chairman appointed by them. The Executive Chairman shall be the chief executive of the Board and shall have two deputies, one being a general officer of the Army and one being an officer of flag rank of the Navy, to be detailed by the War Department and the Navy Department respectively for duty with the Board.

An executive committee, consisting of the executive chairman and the two deputy executive chairmen, shall be charged with carrying out the responsibilities of the Board and with general supervision of activities concerned therewith. Such additional full-time personnel as are required to enable the executive committee properly to perform its duties shall be detailed by the War and Navy Departments for duty with the Board.

A policy committee, consisting of the Commanding General, Army Air Forces, the Commanding General, Army Service Forces, one general officer of the War Department General Staff designated by the Chief of Staff, a representative of the Under Secretary of War, the Chief of the Office of Procurement and Material (Navy Department), the Deputy Chief of Naval Operations (Air), an officer of flag rank designated by the Chief of Naval Operations, and a representative of the (Under or Assistant) Secretary of the Navy, will consider and make recommendations to the Board upon all matters of major policy and upon such other matters as may be referred to it by the executive chairman. The executive chairman shall act ex officio as chairman of the policy committee.

134. The Army and Navy Munitions Board shall perform the duties which may be prescribed for it by statute, by the President, the Secretaries of the War and Navy Departments acting jointly, and in addition is designated as the agency responsible for the formulation of plans and policies for industrial mobilization in an emergency and for the coordination of such plans between the services; to coordinate between the War and Navy Departments with regard to industrial matters including the procurement plans of the two services; and to supervise such joint bodies as are or may be created to consider the subjects falling within the scope of the Board's responsibilities. Maximum utilization will be made of experienced personnel and organizations within the War and Navy Departments by conducting the Board's activities through joint committees bringing together the views of appropriate personnel from the two Departments. Policies and directives issued by the Board will be implemented through regular command channels.

2. The Army and Navy Munitions Board will report, when necessary, to the President through the Secretary of War and the Secretary of the Navy.

3. In view of the fact that military order, the White House, July 5, 1939, signed by the Commander in Chief, states that the Board shall hereafter exercise its functions under his direction and supervision, it is recommended that approval of the Commander in Chief be obtained.

ARTEMUS L. GATES,
Under Secretary of the Navy.

ROBERT P. PATTERSON,
Under Secretary of War.

Approved:

JAMES FORRESTAL,
Secretary of the Navy.

ROBERT P. PATTERSON,
Acting Secretary of War.

Approved: -

HARRY TRUMAN, *Commander in Chief.*

THE WHITE HOUSE, August 18, 1945.

The CHAIRMAN. Now, General, will that Board still be perpetuated, still be in existence? What is the need for setting up a new board and putting stock piling under their jurisdiction?

General ROYALL. As I said a moment ago, there are other agencies of the Government that are legitimately interested in this stock piling.

The CHAIRMAN. But couldn't they cooperate with the Army and Navy Munitions Board just the same as they could with the other Board?

General ROYALL. Well, Mr. Chairman, the real difference is a question of authority. On the Army and Navy Munitions Board the Army and Navy being two of the group of three, they now have control. The other put control in a man designated by the President as Chairman.

The CHAIRMAN. Yes, I know.

Mr. DURHAM. General, at the present time you have no idea of the material to be transferred to this Authority in this item, do you?

General ROYALL. We cannot give you at this time—we have our goal set in certain things pretty definitely. We can give you in executive session, with a little preparation, a complete list of what is there now and what we hope to have. Those things should not be publicized.

The CHAIRMAN. The Chair will say this, that we will probably close these hearings in an hour, that is for today, and we can have an executive session at some future date before very long and hear the Navy and the Army on the question. I think it ought to be in executive session.

Mr. SPARKMAN. I would like to ask General Royall another question. General, why is it desirable, if it is, to have a chairman to exercise complete control over this, and the Board simply advisory?

General ROYALL. Well, if you are going to take it out of the authority of the Army and Navy, there is some advantage in having a single person to make the decisions, and to have that person designated by the President, because this stock pile touches a good many parts of the national life, and you have very divergent views—the Army views are rather divergent, and when you get into questions of commerce, questions of import and export, of course, they have different points of view in different departments, and the thought was in drawing this bill, which we all finally agreed to, that the best solution of that was to put the authority in a single man. If you put it in a majority of the board, it will probably be less desirable from

the standpoint of the Army and Navy, because you would have the civilian agencies predominating, and the Army and Navy would be a definite minority. I think we would probably fare better with a single individual to look over the whole picture than we would to have one department voting for its particular objectives and the Army and Navy being in the minority.

Mr. SHORT. Mr. Chairman, I have one question. Some of these critical and scarce materials deteriorate, do they not, in time?

General ROYALL. Yes, sir.

Mr. SHORT. I just wanted to know what the program or policy is as to disposal of such material before it becomes useless or worthless?

General ROYALL. We have what we call a rotation policy of rotating the materials that deteriorate and getting new ones, selling the old ones. Any item that would deteriorate we try to sell before it deteriorates too much and replace it with new.

Mr. SHORT. So you have a rotation policy?

General ROYALL. Yes, sir; that is now in effect.

Mr. JOHNSON. Mr. Secretary, you went over this bill once before, but I don't remember your testimony specifically. Do you set aside some natural resources that you permit to remain where they are? To give you an illustration, we have this tideland oil controversy out where I live, as to who has the right to drill for oil beyond a low tide line. Now, assuming that the Supreme Court decided that case in favor of the Federal Government, under this bill would you have the right to experiment and prospect to see if there was oil, and then after you learned that, just set that area aside, not use it now but hold it till the time when the emergency requires us to use it? Could that be done under this bill?

General ROYALL. That is not exactly what we call stock piling. We call stock piling when we have taken the material out of its natural state to the extent that it can be stored, and petroleum products are not stock-piled. It is not thought feasible to stock-pile petroleum products. What you have in mind, though, is a supplement to the stock-piling program, which has the same effect, and the Army and Navy are vitally interested in having reserves in the ground of some items which would supplement the stock pile. I don't want to go into petroleum specifically, because that is a question that has a great many arguments one way and the other, and I am not saying what the policy is on that, because I don't think it has been determined.

Mr. JOHNSON. Would that problem come under the scrutiny of the Board you have here in determining your stock piling?

General ROYALL. That was not contemplated, and I don't believe—I don't have the word definite enough in mind to know, but I don't believe the bill would embrace that. That was not the intent anyhow. Of course, petroleum as I say, was excluded. I have already told you that, and it is expressly excluded from the stock-piling bill as far as that is concerned, but if it were not expressly excluded it would not be included.

Mr. THOMASON. A situation such as Mr. Johnson mentioned is not covered by this bill?

General ROYALL. No.

Mr. THOMASON. Although it does say "conservation and development of sources of these materials within the United States."

General ROYALL. The Secretary of the Interior has that authority, which I think is probably still in existence, but it was thought wise to clarify it so that this bill would not have the effect of inferentially denying that right.

Mr. KILDAY. Wouldn't the Board have to consider that in determining what items, critical and strategic items, were in adequate supply in the ground of the United States?

General ROYALL. Yes; that would supplement the stock pile, and therefore would have to be considered in determining what it was necessary to stock pile.

Mr. THOMASON. I don't believe the House is so much interested in the California oil situation. That is the interest of the Senate. [Laughter.]

Mr. JOHNSON. Yes; I know that.

Mr. DURHAM. Suppose somebody found a copper mine or a zinc mine or tungsten mine on Interior Department land, wouldn't this Board have to go out and get that material?

General ROYALL. The Secretary of the Interior now has authority to do that, and this bill continues that authority as to all that type of thing. This does not interfere with that in any way.

Mr. SPARKMAN. It just lodges the power in the Chairman of the Board?

General ROYALL. Not as to that. It continues the authority of the Interior Department expressly, and that was put in so there would not be any inference that that was changed.

Mr. ELSTON. General, I want to ask why petroleum and petroleum only was excepted from this bill?

General ROYALL. I don't know, sir. I will say this, the Army and Navy did not suggest that it be excepted, but we did recognize that petroleum, with our present knowledge of the product, is not capable of economical and successful storage over long periods of time, and therefore there was really no objection to excluding it as a practical matter.

Mr. ELSTON. Isn't that true of a number of other things?

General ROYALL. Is is, sir.

Mr. ELSTON. Why shouldn't they all be excluded, instead of singling out one item, all of the things in the country?

General ROYALL. I cannot answer that. I don't know.

Mr. ELSTON. Who could answer it?

General ROYALL. I don't know how that happened, exactly who insisted on that being in the bill. I think the Interior Department was in favor of that provision, probably because they knew that petroleum was the subject of a lot of controversy, and we didn't want it anyhow, and that may have been the best way to do it. That is merely a guess. We had no particular objection to it being put in there, because it didn't hurt the practical results.

Mr. ELSTON. Just one other question, General. One thing I am a little concerned about is whether or not the setting up of this board might cause some confusion, some overlapping of authority. Most of the assistance that is provided for by this bill is already given by the Federal Government to other departments, such as the Department of the Interior. Isn't that correct?

General ROYALL. Well, most of the practical results can be accomplished under the laws that now exist.

Mr. ELSTON. If that can be accomplished under existing law, then just what is the reason for the legislation?

General ROYALL. Under the existing law, as I stated previously in my testimony, the Army and Navy have control of what goes into the strategic stock pile. There are other departments that are legitimately interested in that, and as the results of various conferences, this bill was worked out and finally agreed to by all the departments, setting up a single board to determine the various matters involved in stock piling, and to give that authority to the chairman to be appointed by the President.

Mr. ELSTON. Of course, we are all against setting up new agencies. We don't want to set them up unless we have to. Has the Army and Navy experienced any difficulty before in stock piling?

General ROYALL. Yes; they have experienced difficulty before the last war because of the paucity of appropriations.

Mr. ELSTON. That is true, but you got the legislation that you wanted, the authorization that you wanted, from this committee.

General ROYALL. That is right, sir.

Mr. ELSTON. And that simple authorization bill, it seems to me, would have been sufficient if you would have gotten the appropriation and the Army and Navy would have gone ahead and stock-piled and retained what they needed. The only difficulty that I was ever able to see was the fact that you did not get the appropriations, and you did not get the appropriations because they were not insisted upon.

General ROYALL. Well, sir, I don't know that fact. I didn't know that they were not insisted upon. I was not here, so I cannot answer that.

Mr. ELSTON. What I am driving at is this: Wouldn't a simple authorization bill, such as we had before, plus whatever appropriations are needed, be sufficient without setting up a new agency?

General ROYALL. Well, I stated in the hearing, I think before you came in, that we thought the principal objectives could be attained under existing law, with sufficient appropriations.

The CHAIRMAN. Thank you, Mr. Secretary. Now, gentlemen, we have two witnesses from the Navy here, but we do not have time to hear them this morning. We will have another session, probably executive, at a later date, and we will have to let these gentlemen come back. I am sorry we do not have time to hear them now. The House meets at 11 this morning, and the committee will now go into executive session. We will notify you gentlemen when we can hear you later.

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CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Legislative Reports and Service Section
(For Department staff only)

Issued April 5, 1946

For actions of April 4, 1946

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HIGHLIGHTS: House passed Federal pay bill with amendments providing across-the-board increase of \$400 and \$10,000 ceiling. House committee reported revised Coole farm-credit bill. Rep. Voorhis spoke in favor of "grain for food, not liquor". Rep. Flannagan introduced bill to prevent use of grain for non-essential purposes. Senate agreed, 46-38, to Russell amendment to add his farm-labor-parity amendment to proposed Ellender-Ball compromise amendment to minimum-wage bill. Senate conferees appointed on bill to slow down liquidation of rural-rehabilitation projects.

HOUSE

1. **FEDERAL PAY BILL.** Passed, 337-27, with amendments' this bill, S. 1415, with the language of H. R. 5939 substituted therefor (pp. 3184-210).

Agreed to the following amendments:

- By Rep. Lyle, Tex., to provide an across-the-board increase of \$400; by a 199-164 vote (pp. 3192-203, 3207-8).
- By Rep. Rees, Kans., to provide that no increase shall raise a salary above \$10,000 (p. 3205).
- By Rep. Dirksen, Ill., to provide that "with the exception of the Veterans' Administration, no greater amount shall be appropriated to any executive department or agency for salaries for the fiscal year, 1947 than the amount made available for such purpose for the fiscal year 1946"; by a 169-97 vote (p. 3207).

Rejected the following amendments:

- By Rep. Randolph, W. Va., to make the bill retroactive until Jan. 1, 1946; by an 81-183 vote (pp. 3205-7).
- By Rep. Rees, Kans., to provide for increases of 45% on the first \$1,200 and 18% on that part of salaries between \$1,200 and \$4,600 (pp. 3191-2, 3204). Also rejected his motion to recommit the bill with instructions that this amendment be inserted; by a 118-141 vote (pp. 3208-9).

In addition to the pay increase, the bill includes the following provisions: Clarifies certain provisions of the Federal Employees Pay Act of 1945 which have been interpreted by GAO to deny the payment of the night-pay differential if the night work is performed on a holiday or after completion of 40 hours of work during the week; provides an extra day's pay for a full day's work on a holiday, instead of $\frac{1}{2}$ day's extra pay as now provided; adjusts the rates of grades 9 and

- 10 of the crafts, protective, and custodial service so as to restore differentials between the top grades in that service which prevailed before 1942; authorizes issuance of regulations to permit an employee who works overtime irregularly or occasionally in excess of 40 hours a week (instead of 48 hours as at present) to request and receive compensatory time off in lieu of overtime pay.
2. GRAIN SHORTAGE. Rep. Voorhis, Calif., spoke in favor of "grain for food, not liquor" (pp. 3211-2).
 3. COOLEY FARM-CREDIT BILL. The Agriculture Committee reported without amendment H. R. 5991, the revised version of this proposal (H. Rept. 1873) (p. 3219).
 4. SURPLUS PROPERTY. Rep. Church, Ill., charged that there has been "red tape, bureaucracy, and waste in surplus property disposal" (pp. 3215-7).
 5. STOCKPILING BILL. The Military Affairs Committee reported with amendment S. 752, to provide for acquisition of stocks of strategic and critical materials for national defense (H. Rept. 1869) (pp. 3218-9).
 6. PRICE CONTROL. Rep. Slaughter, Mo., stated that OPA requirements are contributing to the meat shortage (p. 3180).
 7. FARM LABOR. Rep. Andersen, Minn., spoke in favor of deferment of farm labor from selective service (p. 3181).
 8. OWMR REPORT. The 6th quarterly report of this office was received (H. Doc. 524) (p. 3218).
 9. SECOND APPROPRIATION RESCISSION BILL, H.R. 5604. In reporting this bill (see Digest 59) the Senate Appropriations Committee reduced the rescission for emergency supplies for territories and possessions from \$5,000,000 to \$3,800,000 on the basis that if \$5,000,000 is rescinded the Department "will be hindered in its liquidating program". For a list of the proposed rescissions of indirect interest to the Department, see Digest 34.
 10. D. C. APPROPRIATION BILL, H.R. 5990. This bill (see Digest 59) includes the following provisions: Waives the dual-compensation law in the employment of D. C. teachers by the U.S. Government from July 1 to Sept. 15, 1946, and appropriates funds for enforcement of the acts regarding manufacture and sale of adulterated or misbranded food products, dairy-farm inspections, distribution of surplus commodities and relief milk under the school-lunch program, and the D. C. food conservation program, which includes canning of home-garden products.

SENATE

11. LABOR STANDARDS. Continued debate on S. 1349, the minimum-wage bill (pp. 3152-79). Agreed, 46-38, to an amendment offered by Sen. Russell, Ga., to tie the farm-labor-parity-formula provision to the proposed Ellender-Ball compromise (pp. 3167-76).
12. RURAL-REHABILITATION PROJECTS. Sens. Thomas, Okla., Bilbo, Hoey, Aiken, and Bushfield were appointed conferees on S. 704, to authorize the Secretary to continue administration of and ultimately liquidate Federal rural-rehabilitation projects (p. 3133). House conferees have not yet been appointed.

2. What are the bookkeeping methods on interagency transfers or allocations of surplus properties in your agency?

If your agency transfers surplus to another agency, is it paid for or is credit given and, if the latter, how is this credit to be paid?

3. Where is your personnel recruited—from private business, the Army, or from other agencies cut down or abolished, such as the FEA, WPB, OPA, and OWI?

I mean, are the efforts of Congress to reduce the personnel on Government pay rolls being nullified simply by shifting it from one disbanded or reduced agency to another growing agency?

4. On March 1, 1946, the official United States Treasury report showed receipts from all surplus agencies to that date from July 1, 1945, totaled \$109,582,468.30. The Treasury report for a similar period from July 1, 1944, to March 1, 1945, showed the total receipts from all surplus agencies to be \$19,785,964.27. In view of the billions of dollars worth of material declared surplus, where is the rest of the money, especially since section 30 of the Surplus Property Act requires all such receipts, except as provided by the section, to be deposited in the United States Treasury?

5. Philip M. Klutznick, Commissioner of the Federal Public Housing Authority and President of the Defense Homes Corporation, testifying March 7 before the House Committee on Expenditures in the Executive Departments, stated that the reproduction value of McLean Gardens would be more than its actual cost. If this principle or truth is correct, how do WAC and other selling agencies justify sales of plants for much lower than their original costs in these days of high building costs?

6. Mr. Klutznick at the same hearing testified that his agency in negotiating sales very carefully guarded against deals which would result in a "milking process" by the apparent buyer, who in some cases may be only a front for speculators. Considering this, how does WAC or other disposal agencies reconcile this caution with its leases of plants in some cases for 5-year terms at much lower than their stated plan of getting annual minimum rental of 8 percent of total value, and in some cases for little or nothing for the first 1 or 2 years of the lease?

7. More than one-half of page 44 of the New York Times for Thursday, March 7, 1946, is taken up by three large ads of the WAC offering surplus equipment and plants for sale. Similar ads are appearing in other newspapers all over the country. How much has been spent on such ads and classified ads and all other advertising to date?

How much is planned to be spent?

What advertising agencies have been designated to place such ads with the usual or other commissions allowed such agencies?

How were the agencies selected?

Since many items, especially plants and/or equipment, can be purchased by only a limited number of firms, instead of appealing to the general circulations of newspapers, could this advertising not be done more economically by the Government by small ads stating simply that equipment and plants are for sale and that those desiring additional information can obtain it by contacting the agencies involved?

Could such advertising be done better by direct mail going to lists easily obtained from the Government's own files or from firms specializing in such lists? (The New York Times advertising rate is more than \$16 per column inch. The March 7 ads above referred to occupied almost 100 column inches at an estimated cost of \$1,600.)

8. Testifying before the House Committee on Expenditures in the Executive Departments, Rear Adm. C. H. Cotter and Vice Adm. W. S. Farber stated that cables had been sent to area commanders in the Pacific ordering the immediate return of all surplus

not needed there but much needed in civilian economy in the United States. This cable was dated February 8, 1946. Hon. Kenneth C. Royall, Under Secretary of War, testifying before the same committee on February 21, gave similar testimony regarding Army supplies in the Pacific. The Navy representatives said that orders had been issued to have manifests of incoming shipments sent to the United States by air mail. Apparently none of the disposal authorities know of any shipments. If the orders were carried out and much surplus is back in or on the way back to the continental United States, where is it? Where will it be landed?

Will manufacturers be allowed to repurchase their own product and resell it?

What is a brief but comprehensive report on the present situation regarding these orders which should have resulted in vast supplies of surplus greatly needed in our civilian economy being on the way back to the United States right now?

What plans, if any, have been made to distribute these surpluses according to the Surplus Property Act through "normal channels of trade"?

In view of some of the SPA's, and its successor the WAC's, conflicting interpretations of the Surplus Property Act, and contrary to the spirit and letter of the act, is it not plainly evident that your representative who testified before the Committee on Expenditures in the Executive Departments had not read the act or the conference report on the act, both of which are very plain?

Respectfully submitted,

RALPH E. CHURCH.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield.

Mrs. ROGERS of Massachusetts. I think it is appalling that even disabled veterans, men without any legs, cannot be given automobiles. I think the gentleman knows I have introduced bills giving veterans priority on Government-owned houses at noninflationary prices; also one that would give them priority, after the Government, on all supplies. Can the gentleman tell me when those bills will be reported out?

Mr. CHURCH. The committee has before it several bills of that character. The lady from Massachusetts has appeared before our committee and has been a very valuable witness. No one knows when the administration can furnish us any other than complicated regulations. There are some on the committee who believe that the present act is satisfactory but that its intents and purposes are not being carried out.

Mrs. ROGERS of Massachusetts. All you get is a merry-go-round instead of surplus property.

Mr. CHURCH. A merry-go-round, red tape, bureaucratic delay, and waste of surplus property.

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield.

Mr. HOOK. Will the gentleman tell me how long the War Assets Corporation has been in operation under the new reorganized plan?

Mr. CHURCH. It has been 6 months since the war ended. The problem of disposing of surplus property was the problem of the different departments at that time, and has been for longer than 6 months.

Mr. HOOK. Agreeing with you that there has been confusion in the past, now will the gentleman tell me how long the present War Assets Corporation has been operating since its new organization?

Mr. CHURCH. The War Assets Corporation has been in existence for some time. The War Assets Corporation this last week became the War Assets Administration. Maybe it will become something else before it gets down to the job of disposing of surplus property.

Mr. HOOK. So that the War Assets Administration has only been in operation under the new reorganization for 1 week.

Mr. CHURCH. No; the agency heads were before our committee several weeks ago. They dodged and they evaded giving us information; and then they all took a trip and issued statements from across the Pacific that everything was O. K. They are the men who have been in charge of the declaration and then the disposal of this surplus property.

Mr. HOOK. But I understand the gentleman now by his own statement to admit that the War Assets Administration has been in operation for only 1 week.

Mr. CHURCH. In name, yes. It merely succeeded to the same work the War Assets Corporation had.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield.

Mrs. ROGERS of Massachusetts. I have faith that General Gregory will do a better job, and heaven knows it is needed.

Mr. CHURCH. I hope he does, but he is getting started rather late.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CHAPMAN (at the request of Mr. GREGORY), for today, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1840. An act for the relief of the Danvers Shoe Co., Inc.

ADJOURNMENT

Mr. HOOK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 1 minute p. m.) the House adjourned until tomorrow, April 5, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE CENSUS

(Friday, April 5, 1946)

The Committee on the Census will hold an executive session on H. R. 5857 on Friday morning, April 5, 1946, at 10:30.

COMMITTEE ON FLOOD CONTROL

Schedule of public hearings on flood control bill of 1946 beginning Monday, April 8, 1946, at 10 a. m.:

1. Monday, April 8, Lt. Gen. R. A. Wheeler, Chief of Engineers, will submit a general statement. General Wheeler will be accompanied by Brig. Gen. R. C. Crawford, Assistant Chief of Engineers,

and Col. E. G. Herb, of the Civil Works Division, Corps of Engineers.

2. Tuesday, April 9: Atlantic coastal area, including New England and eastern New York, and streams flowing into the Gulf of Mexico east of the Mississippi River:

Lehigh River, Pa., Lackawaxen River, Pa., Potomac River, Pa., Md., Va., and W. Va., Rappahannock River, Va., James River, Va., Altamaha River, Ga.

3. Wednesday, April 10. The Ohio River Basin, including additional authorization for the approved comprehensive plan:

Barren River, Ky. and Tenn.; Chestnut Creek, Va.; Wabash River and tributaries; Allegheny River, N. Y. and Pa.; Mill Creek, Ohio; Redstone Creek, Pa.

4. Thursday, April 11. Missouri River Basin, including additional authorization for the Corps of Engineers and the Bureau of Reclamation for the approved comprehensive plan:

Heart River, N. Dak.; South Platte River, Colo., Wyo., and Nebr.

5. Friday, April 12. The Great Lakes Basin and the Upper Mississippi River Basin, including additional authorization for the approved comprehensive plan:

Rock River, Wis. and Ill.; Mississippi River, local flood protection in Illinois; Clinton River, Mich.; Genesee River, N. Y.; Tonawanda Creek, N. Y.

6. Monday, April 15. Streams flowing into the Gulf of Mexico west of the Mississippi River, the Great Basin and the Pacific region, exclusive of California, including additional authorization for the approved comprehensive plan for the Willamette River:

Leon River, Tex.; Boise River, Idaho; Amazon Creek, Oreg.; Queen Creek, Ariz.; Gila River at Tucson, Ariz.; Spanish Fork River, Utah; Jordan River at Salt Lake City, Utah; and Little Valley Wash at Magna, Utah; Skagway River and Harbor, Alaska.

7. Tuesday, April 16. California streams, including additional authorization for the approved comprehensive plans for the Los Angeles River, and the Sacramento-San Joaquin streams:

Salinas River, Calif., Santa Clara River, Calif.

8. Wednesday, April 17. Lower Mississippi River Basin, including the Red River, and including additional authorization for the approved comprehensive plan for the White and Arkansas River Basin:

Red River below Denison Dam, Tex., Okla., Ark., and La.; Bayou Pierre, La.; La Fourche Bayou, La.; Pontchartrain Lake, La.; Mermentau River, La.; North Canadian River, Okla.; Polecat Creek, Okla.; Grand (Neosho) River, Kans., Mo., and Okla.; Arkansas River, Ponca City, Okla.; Mississippi River, West Tennessee tributaries; Boeuf and Tensas Rivers and Bayou Macon, Ark. and La.; Big Sunflower, Little Sunflower, Hushpuckena, and Quiver Rivers and their tributaries, and on Hull Brake, Mill Creek Canal, Bogue Phalia, Ditchlow Bayou, Deer Creek, and Steele Bayou, Miss.

9. Thursday, April 18. Lt. Gen. R. A. Wheeler, Chief of Engineers, and other representatives of the Corps of Engi-

neers, and proponents and opponents of projects in other regions.

10. Friday, April 19. Senators and Representatives in Congress and Department of Agriculture, Weather Bureau, and other Government agencies.

COMMITTEE ON RIVERS AND HARBORS

Revised schedule of hearings on the omnibus rivers and harbors authorization bill to start Tuesday, April 9, 1946, at 10:30 a. m., is as follows:

(Tuesday, April 9)

Portland Harbor, Maine.
Fall River Harbor, Mass.
Wickford Harbor, R. I.
New Haven Harbor, Conn.
Bridgeport Harbor, Conn.
Stamford Harbor, Conn.
Barnegat Inlet, N. J.
Absecon Inlet, N. J.
Delaware River, Biles Creek, Pa.

(Wednesday, April 10)

Sacramento River, Calif., deep-water ship channel.

(Thursday, April 11)

Sabine River, Adams Bayou, Tex.
Sabine-Neches waterway, Texas.
Trinity River below Liberty, Tex.
Mill Creek, Tex.
Aransas Pass, Intracoastal Waterway, Tex.
Brazos Island Harbor, Tex.

(Friday, April 12)

Schuylkill River, Pa.
Middle and Dark Head Creeks, Md.
Mattaponi River, Va.
Newport News Creek, Va.
Norfolk Harbor, Va.
Savannah Harbor, Ga.
St. Johns River, Fla., Jacksonville to Lake Harney.
Hollywood Harbor (Port Everglades), Fla.
Withlacoochee River, Fla.
Cleveland Harbor, Ohio.
Great Lakes connecting channels, Michigan.

(Monday, April 15)

Franklin Canal, La.
Mermentau River, La.
Lake Charles deep waterway, Louisiana.

Plaquemine and Morgan City route, Louisiana.

Red River below Fulton, La.

(Tuesday, April 16)

Cumberland River, Tenn. and Ky.
Big Sioux River, S. Dak.
Mississippi River seepage, Iowa, Minnesota, and Wisconsin.

Mississippi River at Lansing, Iowa.
Mississippi River at Wabasha, Minn.
Mississippi River at Lake Pepin, Minn.
Mississippi River at Hastings, Minn.

(Wednesday, April 17)

Fairport Harbor, Ohio.
Calumet-Sag Channel, Ind. and Ill.
Chicago River, North Branch of Illinois.

Napa River, Calif.

Coos Bay, Oreg.

Columbia River at Astoria, Oreg.

Columbia River at The Dalles, Oreg.

Columbia River, Foster Creek Dam, Wash.

(Wednesday and Thursday, May 1 and 2)

Tombigbee-Tennessee Rivers.

(Friday, May 3)

Held open for description of projects favorably recommended by the Board of Engineers for Rivers and Harbors during its April meeting.

(Monday and Tuesday, May 6 and 7)

Big Sandy River, Tug and Levisa Forks, Va., W. Va., and Ky.

(Wednesday and Thursday, May 8 and 9)

Arkansas River, Ark. and Okla.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1194. A letter from the Acting Chairman, Federal Communications Commission, transmitting the Commission's eleventh annual report covering the fiscal year ending June 30, 1945; to the Committee on Interstate and Foreign Commerce.

1195. A letter from the Director, Office of War Mobilization and Reconversion, transmitting the sixth quarterly report of this Office (H. Doc. No. 524); to the Committee on Ways and Means and ordered to be printed, with illustrations.

1196. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1947 in the amount of \$4,179,600 for the Federal Security Agency (H. Doc. No. 525); to the Committee on Appropriations and ordered to be printed.

1197. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 28, 1945, submitting a report, together with accompanying papers and illustrations, on a cooperative beach-erosion study of the Lake Michigan shore line of Milwaukee County, Wis. This investigation was made under the provisions of section 2 of the River and Harbor Act approved on July 3, 1930, and an act of Congress approved on June 26, 1936 (H. Doc. No. 526); to the Committee on Rivers and Harbors and ordered to be printed, with 11 illustrations.

1198. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 19, 1945, submitting a report, together with accompanying papers and illustrations on a cooperative beach-erosion study of Bakers Haulover Inlet, Fla. This investigation was made under the provisions of section 2 of the River and Harbor Act approved on July 3, 1930, and an act of Congress approved on June 26, 1936 (H. Doc. No. 527); to the Committee on Rivers and Harbors and ordered to be printed, with seven illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. VINSON: Committee on Naval Affairs. H. R. 5929. A bill to authorize the attendance of the Marine Band at the department convention of the American Legion to be held in Racine, Wis., August 3, 1946; without amendment (Rept. No. 1868). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. S. 752. An act to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes; with amendment (Rept. No. 1869). Referred

to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN of South Carolina: Committee on the District of Columbia. H. R. 4654. A bill to exempt transfers of property to the American National Red Cross from the District of Columbia inheritance tax; with amendment (Rep. No. 1870). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN of South Carolina: Committee on the District of Columbia. H. R. 5928. A bill to name the bridge located on New Hampshire Avenue, Washington, D. C., over the Baltimore & Ohio Railroad tracks, the Charles A. Langley Bridge; without amendment (Rept. No. 1871). Referred to the House Calendar.

Mr. O'TOOLE: Committee on the Library. House Joint Resolution 333. Joint resolution to provide for the reappointment of Dr. Vannevar Bush as citizen regent of the Board of Regents of the Smithsonian Institution; without amendment (Rept. No. 1872). Referred to the House Calendar.

Mr. COOLEY: Committee on Agriculture. H. R. 5991. A bill to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for other purposes; without amendment (Rept. No. 1873). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CORBETT:

H. R. 6000. A bill relating to the exercise of powers with respect to price and wage control; to the Committee on Banking and Currency.

By Mr. FARRINGTON:

H. R. 6001. A bill to provide emergency relief for victims of the seismic waves which struck the Territory of Hawaii; to the Committee on the Territories.

By Mr. MURPHY:

H. R. 6002. A bill to authorize the Commissioners of the District of Columbia to provide necessary utilities for veterans' housing furnished and erected by the National Housing Administrator; to the Committee on the District of Columbia.

H. R. 6003. A bill to authorize the sale of the bed of E Street SW., between Twelfth and Thirteenth Streets, in the District of Columbia; to the Committee on the District of Columbia.

Mr. PRICE of Illinois:

H. R. 6004. A bill to provide authorization for the village of Cahokia, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near Cahokia, Ill., and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BRYSON:

H. J. Res. 334. Joint resolution to authorize the President and the Secretary of Agriculture to issue orders and directives prohibiting the use of grain for intoxicating liquor, and for other purposes; to the Committee on Agriculture.

By Mr. FLANNAGAN:

H. J. Res. 335. Joint resolution to prevent the use of grain for nonessential purposes during the period of shortage; to the Committee on Agriculture.

By Mr. MANSFIELD of Montana:

H. Con. Res. 141. Concurrent resolution authorizing the printing of a revised edition of House Document No. 134, Seventy-ninth Congress, first session, entitled "Handbook for Servicemen and Servicewomen of World War II and Their Dependents, Including Rights and Benefits of Veterans of World War I and Their Dependents," as a public document, and providing for additional copies thereof; to the Committee on Printing.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Alaska, memorializing the President and the Congress of the United States to remove the present Governor from office with all possible dispatch; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CURLEY:

H. R. 6005. A bill for the relief of Frances L. Marshall; to the Committee on Claims.

H. R. 6006. A bill for the relief of Albert H. Stoddard; to the Committee on Claims.

By Mr. CRAVENS:

H. R. 6007. A bill for the relief of John R. Kagy; to the Committee on Claims.

By Mr. GRANT of Indiana:

H. R. 6008. A bill for the relief of Mrs. Mildred Louise Palmer; to the Committee on Claims.

By Mr. LATHAM:

H. R. 6009. A bill for the relief of Rocco La Porta and Martin Siebert; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 6010. A bill for the relief of the Yakutat Cooperative Market; to the Committee on Claims.

H. R. 6011. A bill for the relief of Harry Burstein, M. D., Madeline Borvick, and Mrs. Clara Kaufman Truly (formerly Miss Clara M. Kaufman); to the Committee on Claims.

By Mr. MONRONEY:

H. R. 6012. A bill for the relief of Lippert Bros., general contractors; to the Committee on Claims.

By Mr. MURPHY:

H. R. 6013. A bill for the relief of Martin A. King, postmaster at Clarks Summit, Pa.; to the Committee on Claims.

H. R. 6014. A bill for the relief of the estate of D. A. Montgomery; to the Committee on Claims.

By Mr. NEELY:

H. R. 6015. A bill for the relief of William E. Gillespie, Jr.; to the Committee on Military Affairs.

By Mr. ROBINSON of Utah:

H. R. 6016. A bill for the relief of the estate of Wendell D. Wagstaff; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1762. By Mr. GARDNER: Petition of Servicemen's Wives' and Children's Association, regarding release of fathers; to the Committee on Military Affairs.

1763. By Mr. GRAHAM: Petition of 20 residents of Butler, Pa., in opposition to Senate bills 1050 and 1606 and House bill 4730; to the Committee on Ways and Means.

1764. Also, petition of 13 residents of Zeienople, Pa., in opposition to Senate bills 1050 and 1606 and House bill 4730; to the Committee on Ways and Means.

1765. By Mr. HART: Petition of the Frank J. Wetering Post, No. 316, Veterans of Foreign Wars, of Hackensack, N. J., protesting against the housing bill as passed by the House of Representatives and urging that said bill be recalled from the Senate and that the original Wyatt bill be passed and enacted into law; to the Committee on Banking and Currency.

1766. Also, petition of John Hand Tri-County Post, No. 2906, of Pompton Lakes, N. J., Veterans of Foreign Wars, protesting against housing bill as passed by the House of Representatives and urging that said bill be recalled from the Senate and that the original Wyatt housing bill be passed and enacted into law; to the Committee on Banking and Currency.

ACQUISITION OF STOCKS OF STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

APRIL 4, 1946.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. MAY, from the Committee on Military Affairs, submitted the
following

REPORT

[To accompany S. 752]

The Committee on Military Affairs, to whom was referred the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having considered the same, submit the following report thereon, with the recommendation that it do pass, with the following amendment:

Beginning with line 3, page 1, of the bill, strike out the remainder of the bill and substitute in lieu thereof the following:

That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stockpiled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials

to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials pursuant to the determinations as provided in section 2 hereof which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided;

"No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not

disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"Sec. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act."

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"Provided, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hercof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"Sec. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent

and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

"SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,800,000,000: *Provided*, That not more than the sum set out opposite each of the following fiscal years shall be appropriated for such purposes during such fiscal year:

"Fiscal year 1946-1947, \$360,000,000.

"Fiscal year 1947-1948, \$360,000,000.

"Fiscal year 1948-1949, \$360,000,000.

"Fiscal year 1949-1950, \$360,000,000.

"Fiscal year 1950-1951, \$360,000,000.

"The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act shall be deposited to the credit, and be available for expenditure for the purposes, of any appropriation available at the time of such deposit, for carrying out the provisions of sections 1 to 6, inclusive, of this Act.

"SEC. 10. This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'."

The May-Thomas bill, S. 752, as approved by the Senate, is in the form of an amendment to the original stock-piling act of June 7, 1939 (Public, No. 117, 76th Cong., 53 Stat. 811). All stock piles that have been acquired and are now held pursuant to that act would be maintained intact. As a result of experience gained during the war period, however, the original act has been regarded as inadequate by Government agencies operating under it as well as by affected industries.

During 1945 a series of conferences were held between the various Government departments and agencies interested in stock piling. Substantial agreement was developed as to the features which should be embodied in new legislation, and the recommendations of these agencies were largely followed in the Senate bill.

The principal concern of the mining industry has been that these large accumulations of materials be carefully safeguarded against disposal by administrative action and that Congress itself retain control over the stock piles. This principle is also embodied in S. 752 as approved by the Senate.

In the bill, submitted herewith, your committee has followed closely the form of the Senate bill. We have, however, amended this bill in four important respects, as follows:

(1) Instead of establishing a new agency to administer the stock-piling program, we have provided for administration by the Secretary of War and the Secretary of the Navy, as in the original 1939 act.

(2) Instead of authorizing appropriations without limit, we have limited the authorization to \$1,800,000,000, with a specific limitation to \$360,000,000 in each of the next five fiscal years.

(3) Instead of requiring that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts, we have provided that any such funds shall remain available for expenditure under the stock-pile program.

(4) We have deleted a section in the Senate bill which would have permitted duty-free importation of materials purchased from foreign sources for stock piling.

We have used the term "strategic and critical materials" instead of "strategic materials." The former term is used in the title and in the first section of the Senate bill, as well as in the original 1939 act. It is defined in the report of the Army and Navy Munitions Board submitted to the Congress under date of January 2, 1945 (S. Doc. No. 5, 79th Cong., 1st sess.) and has an accepted significance.

SECTIONAL ANALYSIS OF THE REPORTED BILL

Section 1 sets forth the purpose and intent of the act. It is identical with section 1 of the Senate bill. It is slightly broader than section 1 of the original 1939 act in that the purpose and intent are declared to be "to provide for the acquisition *and retention* of stocks of these materials and to encourage the *conservation and* development of sources of these materials within the United States * * *."

Section 2 (a) as amended by your committee follows closely the language of section 2 of the original 1939 act. Determinations of the materials which are strategic and critical and the quality and quantities to be stock-piled are to be made by the Secretaries of War, Navy, and Interior, acting jointly through the agency of the Army and Navy Munitions Board, and with the cooperation of representatives of the Secretaries of State, Treasury, and Commerce. Such determinations may be revised from time to time. This section takes the place of section 3 of the Senate bill, which provided for determinations by the President with the advice of the Board created by that bill.

Section 2 (b) calls for the creation of industry advisory committees. This is derived from section 2 (c) of the Senate bill but provides for appointment of such committees by the Secretaries of War, Navy, and Interior rather than by the Chairman. The original 1939 act did not make provision for such committees.

The remainder of section 2 of the Senate bill, which created a stock-piling board, has been omitted.

Section 3 provides for the carrying out of actual operations of the stock-pile program. The detailed provisions of this section are derived from section 4 of the Senate bill, with the changes necessary to provide for administration by the Secretary of War and the Secretary of the Navy through the medium of the Procurement Division of the Treasury Department, as was provided in the original 1939 act.

Section 3 (a) provides for the purchase of materials. Such purchases are to be made so far as is practicable from supplies in excess of

the current industrial demand. This provision, which was not contained in the 1939 act, establishes the policy of an orderly purchase program, designed to acquire materials at reasonable cost and with minimum interference to the normal operations of producers and consumers. Purchases are to be made in accordance with the "buy American" act of March 3, 1933 (47th Stat. 1520), with a reasonable time to be allowed for production and delivery from domestic sources. The "buy American" provision is taken verbatim from section 5 of the original 1939 act.

The Senate bill (sec. 4 (a)) permitted purchases to be made without regard to section 3709 of the Revised Statutes, which requires competitive bidding. Your committee feels that the policy of requiring competitive bidding on peacetime Government purchases should be adhered to.

Section 3 (b) provides for storage, security, and maintenance of stock-pile materials. It follows in substance section 4 (b) of the Senate bill and the corresponding provision of the original 1939 act (sec. 3).

Section 3 (c) provides for refining and processing of materials. It follows in substance section 4 (c) of the Senate bill. The original 1939 act did not contain a similar provision, but it is now necessary in order that ores, concentrates, scrap, etc., which may be transferred to the stockpiles when declared surplus by other Government agencies, may be converted into the most suitable stock-pile form.

Section 3 (d) provides for rotation of stock-pile materials where necessary to prevent deterioration. It follows in substance section 4 (d) of the Senate bill and the corresponding provision of the original 1939 act (sec. 3).

Section 3 (e) provides for disposition of stock-pile materials which are no longer needed because of a revised determination. It requires a full report to the Congress and to the Military Affairs Committee of each House of any proposed disposition and, except in cases where the revised determination is based on obsolescence of the particular material for use in time of war, no stock-pile materials may be disposed of without the express approval of the Congress. This follows in substance section 4 (e) of the Senate bill, with the addition of a sentence defining "obsolescence" for purposes of this section.

No similar provision was contained in the original 1939 act. That act did not permit any disposition of stock-pile materials except for rotation or for war purposes. Under that act any disposition whatever by reason of a revised determination required specific action by the Congress. Representatives of the Army and Navy have asked for greater flexibility to permit obsolete materials to be disposed of without specific approval by the Congress. Such flexibility is provided by section 3 (c). Greater flexibility is not required and would, without any compensating advantage, cause serious detriment to the mining industry. The existence of discretionary authority to release stock-pile materials—except for war purposes, for rotation to prevent deterioration, or by reason of obsolescence—would present a grave threat to the stability of mining operations and to the confidence necessary to maintain a sound and healthy domestic mining industry. It would thus imperil our major source of many of these materials.

The provisions of section 3 (e), under which Congress retains the key to the stock pile, are designed to minimize this threat.

Section 4 calls for detailed reports to the Congress every 6 months, including statements of foreign and domestic purchases. It follows in substance section 3 (f) of the Senate bill. The original 1939 act (sec. 3) called only for annual reports by the Secretary of the Treasury as to expenditures made and as to rotation of stocks.

Section 5 permits stock-pile materials to be released only for purposes of the common defense, except as they may be disposed of for rotation or by reason of revised determinations. It follows the language of section 5 of the Senate bill. It is an improvement over section 4 of the original 1939 act, which permitted use of stock-pile materials only "upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war."

Section 6 (a) provides for transfer to the stock piles of surplus materials owned by other Government agencies, including materials received under reverse lend-lease. There is an exception permitting the release of surplus Government stocks to industry to the extent they are required to meet current deficiencies in supply.

This and the remaining provisions of section 6 follow in substance section 6 of the Senate bill. No similar provisions were contained in the original 1939 act.

Section 6 (b) provides that such transfers to the stock piles are to be made without reimbursement, except that transfers from the RFC and its subsidiaries are to be accompanied by cancelation of notes of the RFC in an amount equal to the value of the materials transferred.

Section 6 (c) provides for suitable reduction in the amount of obligations which the RFC is authorized to have outstanding at any one time.

Section 6 (d) is a technical provision, amending the Surplus Property Act of 1944 to conform to the pending legislation.

Section 7 (a) relates to investigations of domestic sources of strategic and critical minerals by the Secretary of the Interior. It is identical with section 7 (a) of the Senate bill, and follows the language of section 7 (a) of the original 1939 act, except for an amendment making it clear that the Secretary may not go beyond the point of exploring *and demonstrating the extent and quality of* such minerals.

Section 7 (b) is a similar provision authorizing investigations by the Secretary of Agriculture with respect to agricultural materials. It follows in substance section 7 (b) of the Senate bill. No similar provision appeared in the original 1939 act.

Section 8 limits appropriations under the act to \$1,800,000,000, with a proviso that not more than \$360,000,000 shall be appropriated during each of the next 5 fiscal years. The Senate bill placed no limit on appropriations for the purposes of the act. The original 1939 act (sec. 6) authorized appropriation of \$100,000,000 over a 4-year period.

Section 9 provides that funds received as a result of disposition of stock-pile materials are to be made available for expenditure under the act. It is identical with section 6 of the original 1939 act, as amended May 28, 1941. The Senate bill (sec. 9) required that such funds, except funds received on account of the rotation of stocks, be covered into the Treasury as miscellaneous receipts.

The Senate bill contained a section (sec. 10) permitting strategic and critical materials purchased from foreign sources for stock piling to be admitted free of tariff duties. Your committee has deleted this provision. Aside from our opposition to the waiving of tariff duties in time of peace, we believe that such legislation is the province of the Committee on Ways and Means.

The Senate bill also contained a section (sec. 11) excluding petroleum and petroleum products from the coverage of the act. Your committee has deleted this provision. We understand that petroleum, because of the difficulties of storage, is not considered suitable for stock piling. However, there are many other materials essential in time of war which are not to be stock-piled under S. 752. The committee has been assured that coal, for instance, which exists in abundant supply in this country and which does not lend itself to extended storage, is not to be stock-piled. The exclusion of petroleum products alone seems to us to be unduly confusing.

Section 9 cites the act as the "Strategic and Critical Materials Stock Piling Act."

Pursuant to the provisions of rule XIII of the Rules of the House of Representatives, a comparison of the changes in existing law made by the Senate bill and as proposed in the committee amendment follows hereafter.

That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of Congress and the purpose and intent of this Act to provide for the acquisition of stocks of these materials and to encourage the development of mines and deposits of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. (a) The President shall establish, within such agency of the Government as he shall designate, a Strategic Materials Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a Chairman (hereinafter referred to as the Chairman), to be appointed by the President, by and with the advice and consent of the Senate, and the following members with whom the Chairman shall advise and consult: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The Chairman shall receive a salary of \$10,000 per annum and is authorized, within the limits

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

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of funds which may be made available, to appoint and fix the compensation of such officers and employees, and to make such expenditures for supplies, facilities and services, as may be necessary to carry out the functions of the Chairman and the Board under this Act. Without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, the Chairman may appoint such engineers and other experts as may be necessary to carry out his functions. Upon the request of the Chairman, the head of any agency may detail personnel in his agency, including commissioned officers and enlisted personnel in the armed forces, for service under this Act subject to the direction of the Chairman.

"(b) The Chairman may perform the duties and functions imposed upon him under this Act through such agencies, acting under his direction, as he may designate, and the Chairman shall reimburse such agencies for any expenditures so incurred and for any services so performed out of the funds available to him under this Act.

"(c) To the fullest extent practicable, the Chairman shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Chairman and the Board with respect to the purchase, sale, care, and handling of such materials. Members of

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and

the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Chairman, plus necessary traveling and other expenses while so engaged.

"SEC. 3. To effectuate the policy set forth in section 1 of this Act, the President with the advice of the Board, shall determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials needed to effectuate the purposes of this Act, and (3) the dates by which such quantities should be acquired. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

SEC. 2. To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine which materials are strategic and critical under the provisions of this Act and to determine the quality and quantities of such materials which shall be purchased within the amount of the appropriations authorized by this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be purchased the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

SEC. 3. The Secretary of War and the Secretary of the Navy, when they deem such action appropriate because the domestic production or supply of any of the above materials is insufficient to meet the industrial, military, and naval needs of the country, shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department and from the funds authorized by the provisions of this Act, to make purchases of such materials in accordance with

the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials pursuant to the determinations as provided in section 2 hereof which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title

"SEC. 4. The Chairman, with the advice of the members of the Board shall—

"(a) direct the purchase of strategic materials pursuant to the determinations as provided in section 3 hereof, which shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and at a price not in excess of the current open market price;

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specifications prepared by the Procurement Division of the Treasury Department and approved by the Secretary of War and the Secretary of the Navy, and to provide for the storage and maintenance, and, where necessary to prevent deterioration, for the rotation of such materials. To accomplish such rotation, the Secretary of the Treasury, with the approval of the Secretary of War and the Secretary of the Navy, is authorized to replace acquired stocks of any such material subject to deterioration by equivalent quantities of the same material in such manner as he deems will best serve the purposes of this Act. The Secretary of the Treasury is empowered to meet, out of the funds authorized in this Act, expenses necessary to accomplish such rotation. The Secretary shall include in his annual report to Congress a detailed statement of expenditures made under this section and the method of rotation employed. The materials so purchased shall be stored by the Procurement Division of the Treasury Department on military and naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy.

SEC. 5. Purchases under this Act shall be made in accordance with Title III of the Act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of

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III of the Act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefitted either before or after their transfer from the owning agency;

"Such purchases shall be made with due regard to the objectives set forth in section 1 of this Act, and except where the Chairman with the advice of the members of the Board, shall determine that the objectives cannot thereby be achieved, purchases under this Act shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without

War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond.

regard to section 3709 of the Revised Statutes. Where the Chairman finds that the domestic production of any materials is economically feasible he may direct the purchase of such material without requiring the vendor to give bond.

"(b) provide for the storage, security, and maintenance of strategic materials for stock-piling purposes on military and naval reservations or other locations, approved by the Chairman;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when he deems such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revision of a determination made pursuant to section 3 of this Act, as hereinafter provided;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as herein-after provided;

SEC. 6. For the procurement, transportation, maintenance, rotation, and storage of the materials to be acquired under this Act, there is hereby authorized to be appropriated the sum of \$100,000,000, out of any money in the Treasury not otherwise appropriated, during the fiscal years June 30, 1939, to and including June 30, 1943, to be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"No such disposition shall be made until six months after publication in the Federal Register and transmission to Congress of a notice of the proposed disposition. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war;

"(f) submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent infor-

"No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"Sec. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and

mation on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

SEC. 4. Materials acquired under this Act except for rotation to prevent deterioration shall be used only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 4 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 4 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the Chairman, every material determined by the President to be strategic pursuant to section 3 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this

domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long

Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 3 hereof. The Chairman shall exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory; (2) such amount of any material as the Chairman, with the advice of the members of the Board, determines (i) to be necessary to make up any deficiency of the supply of such material for the current requirements of industry; (ii) are held in lots so small as to make the transfer thereof economically impractical; or (iii) do not meet, or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 3 of this Act. The total material transferred to the jurisdiction of the Chairman in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Chairman on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

“(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available to the Chairman, except that expenses incident to such transfer may be paid or reimbursed from such funds, and

as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

“(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any

except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at cancellation, in an amount equal to the fair market value as determined by the Chairman of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with

such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling

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the Strategic Materials Stock Piling Act, to the stock piles established pursuant to that Act.

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided*, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent

SEC. 7. (a) That the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; to explore and develop, on public lands and on pri-

Act to the stock piles established pursuant to that Act.

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided*, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

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vately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

(b) For the purposes of carrying out the provisions of this section there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, for each of the fiscal years ending June 30, 1940, 1941, 1942, and 1943, the sum of \$500,000, of which amount \$350,000 shall be appropriated to the Bureau of Mines and \$150,000 to the Geological Survey.

of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined by the President, pursuant to section 3 of this Act to be strategic, or substitutes therefor.

"Sec. 8. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the provisions of this Act until expended and (exclusive of sums allocated for the purposes of section 7) shall be expended under the direction of the Chairman.

quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

"Sec. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,800,000,000: Provided, That not more than the sum set out opposite each of the following fiscal years shall be appropriated for such purposes during such fiscal year:

"Fiscal year 1946-1947, \$360,000,000.

"Fiscal year 1947-1948, \$360,000,000.

"Fiscal year 1948-1949, \$360,000,000.

"Fiscal year 1949-1950, \$360,000,000.

"Fiscal year 1950-1951, \$360,000,000.

"The funds so appropriated, including the funds heretofore appropriated, shall remain

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available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"Sec. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act shall be deposited to the credit, and be available for expenditure for the purposes, of any appropriation available at the time of such deposit, for carrying out the provisions of sections 1 to 6, inclusive, of this Act.

"Sec. 10. This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'."

"Sec. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"Sec. 10. Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this Act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 4 of this Act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.

"Sec. 11. For the purposes of this Act the term 'strategic materials' shall not include petroleum or petroleum products.

"Sec. 12. This Act may be cited as the 'Strategic Materials Stock Piling Act'."

Union Calendar No. 544

79TH CONGRESS
2^D SESSION

S. 752

[Report No. 1869]

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 21, 1945

Referred to the Committee on Military Affairs

APRIL 4, 1946

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend the Act of June 7, 1939 (53 Stat. 811), as amended,
relating to the acquisition of stocks of strategic and critical
materials for national defense purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act of June 7, 1939 (53 Stat. 811), as amended,
4 is hereby amended to read as follows:

5 “That the natural resources of the United States in
6 certain strategic and critical materials being deficient or
7 insufficiently developed to supply the industrial, military,
8 and naval needs of the country for common defense, it is the



1 policy of the Congress and the purpose and intent of this
2 Act to provide for the acquisition and retention of stocks
3 of these materials and to encourage the conservation and
4 development of sources of these materials within the United
5 States, and thereby decrease and prevent wherever possible
6 a dangerous and costly dependence of the United States
7 upon foreign nations for supplies of these materials in times
8 of national emergency.

9 SEC. 2. (a) The President shall establish, within such
10 agency of the Government as he shall designate, a Strategic
11 Materials Stock Piling Board (hereinafter referred to as the
12 Board). The Board shall consist of a Chairman (herein-
13 after referred to as the Chairman), to be appointed by the
14 President, by and with the advice and consent of the Senate,
15 and the following members with whom the Chairman shall
16 advise and consult: The Secretary of State, the Secretary
17 of the Treasury, the Secretary of War, the Secretary of the
18 Navy, the Secretary of the Interior, the Secretary of Agri-
19 culture, and the Secretary of Commerce. Each member of
20 the Board may designate an officer of his department to serve
21 as his representative on the Board. The Chairman shall
22 receive a salary of \$10,000 per annum and is authorized,
23 within the limits of funds which may be made available,
24 to appoint and fix the compensation of such officers and
25 employees, and to make such expenditures for supplies, fa-

1 ilities and services, as may be necessary to carry out the
2 functions of the Chairman and the Board under this Act.
3 Without regard to the provisions of the civil-service laws and
4 the Classification Act of 1923, as amended, the Chairman
5 may appoint such engineers and other experts as may be
6 necessary to carry out his functions. Upon the request of
7 the Chairman, the head of any agency may detail personnel
8 in his agency, including commissioned officers and enlisted
9 personnel in the armed forces, for service under this Act
10 subject to the direction of the Chairman.

11 “(b) The Chairman may perform the duties and func-
12 tions imposed upon him under this Act through such agencies,
13 acting under his direction, as he may designate, and the
14 Chairman shall reimburse such agencies for any expendi-
15 tures so incurred and for any services so performed out
16 of the funds available to him under this Act.

17 “(c) To the fullest extent practicable, the Chairman shall
18 appoint industry advisory committees selected from the
19 industries concerned with the materials to be stock piled. It
20 shall be the general function of the industry advisory commit-
21 tees to advise with the Chairman and the Board with respect
22 to the purchase, sale, care, and handling of such materials.
23 Members of the industry advisory committees shall receive a
24 per diem allowance of not to exceed \$10 for each day spent

1 at conferences held upon the call of the Chairman, plus neces-
2 sary traveling and other expenses while so engaged.

3 "SEC. 3. To effectuate the policy set forth in section 1
4 of this Act, the President with the advice of the Board, shall
5 determine from time to time ~~(1)~~ which materials are stra-
6 tegic, ~~(2)~~ the quality and quantities of such materials needed
7 to effectuate the purposes of this Act, and ~~(3)~~ the dates by
8 which such quantities should be acquired. The authority con-
9 ferred upon the President by this section may, in his discre-
10 tion, be exercised through such officers and agencies as he
11 shall designate.

12 "SEC. 4. The Chairman, with the advice of the mem-
13 bers of the Board shall—

14 ~~“(a) direct the purchase of strategic materials pur-~~
15 ~~suant to the determinations as provided in section 3~~
16 ~~hereof, which shall be made, so far as is practicable,~~
17 ~~from supplies of materials in excess of the current~~
18 ~~industrial demand and at a price not in excess of~~
19 ~~the current open market price;~~

20 "Such purchases shall be made with due regard to
21 the objectives set forth in section 1 of this Act, and
22 except where the Chairman with the advice of the
23 members of the Board, shall determine that the ob-
24 jectives cannot thereby be achieved, purchases under
25 this Act shall be made in accordance with title III

1 of the Act of March 3, 1933 (47 Stat. 1520), but
2 may be made without regard to section 3709 of the
3 Revised Statutes. Where the Chairman finds that the
4 domestic production of any materials is economically
5 feasible he may direct the purchase of such material
6 without requiring the vendor to give bond.

7 “(b) provide for the storage, security, and mainte-
8 nance of strategic materials for stock-piling purposes on
9 military and naval reservations or other locations, ap-
10 proved by the Chairman;

11 “(c) provide through normal commercial channels
12 for the refining or processing of any materials acquired
13 or transferred under this Act when he deems such
14 action necessary to convert such materials into a form
15 best suitable for stock piling, and such materials may
16 be refined, processed, or otherwise benefited either
17 before or after their transfer from the owning agency;

18 “(d) provide for the rotation of any strategic ma-
19 terials constituting a part of the stock pile where neces-
20 sary to prevent deterioration by replacement of acquired
21 stocks with equivalent quantities of substantially the
22 same material;

23 “(e) dispose of any materials held pursuant to this
24 Act which are no longer needed because of any revision

1 of a determination made pursuant to section 3 of this
2 Act, as hereinafter provided;

3 "No such disposition shall be made until six months
4 after publication in the Federal Register and transmis-
5 sion to Congress of a notice of the proposed disposition.
6 Such notice shall state the reasons for such revised deter-
7 mination, the amounts of the materials proposed to be
8 released, the plan of disposition proposed to be fol-
9 lowed, and the date upon which the material is to
10 become available for sale or transfer. The plan and
11 date of disposition shall be fixed with due regard to the
12 protection of the United States against avoidable loss
13 on the sale or transfer of the material to be released
14 and the protection of producers, processors, and con-
15 sumers against avoidable disruption of their usual
16 markets: *Provided*, That no material constituting a part
17 of the stock piles may be disposed of without the express
18 approval of the Congress except where the revised deter-
19 mination is by reason of obsolescence of that material for
20 use in time of war;

21 "(f) submit to the Congress, not later than six
22 months after the approval of this Act, and every six
23 months thereafter a written report detailing the activ-
24 ities with respect to stock-piling under this Act, includ-
25 ing a statement of foreign and domestic purchases, and

1 such other pertinent information on the administration
2 of the Act as will enable the Congress to evaluate its
3 administration and the need for amendments and related
4 legislation.

5 "SEC. 5. The stock piles shall consist of all such
6 materials heretofore purchased or transferred to be held pur-
7 suant to this Act, or hereafter transferred pursuant to section
8 6 hereof, or hereafter purchased pursuant to section 4 hereof,
9 and not disposed of pursuant to this Act. Except for the
10 rotation to prevent deterioration and except for the disposal
11 of any material pursuant to section 4 of this Act, materials
12 acquired under this Act shall be released for use, sale, or
13 other disposition only (a) on order of the President at any
14 time when in his judgment such release is required for pur-
15 poses of the common defense, or (b) in time of war or during
16 a national emergency with respect to common defense pro-
17 claimed by the President, on order of such agency as may be
18 designated by the President.

19 "SEC. 6. (a) Pursuant to regulations issued by the
20 Chairman, every material determined by the President to be
21 strategic pursuant to section 3 hereof, which is owned or
22 contracted for by the United States or any agency thereof,
23 including any material received from a foreign government
24 under an agreement made pursuant to the Act of March 11,
25 1941 (55 Stat. 31), as amended, or other authority, shall

1 be transferred by the owning agency, when determined by
2 such agency to be surplus to its needs and responsibilities, to
3 the stock piles established pursuant to this Act, so long as the
4 amount of the stock pile for that material does not exceed the
5 quantities determined therefor pursuant to section 3 hereof.
6 The Chairman shall exempt from this requirement ~~(1)~~ any
7 material which constitutes contractor inventory if the own-
8 ing agency shall not have taken possession of such inventory;
9 ~~(2)~~ such amount of any material as the Chairman, with
10 the advice of the members of the Board, determines ~~(i)~~
11 to be necessary to make up any deficiency of the supply
12 of such material for the current requirements of industry;
13 ~~(ii)~~ are held in lots so small as to make the transfer
14 thereof economically impractical; or ~~(iii)~~ do not meet, or
15 cannot economically be converted to meet, stock-pile re-
16 quirements determined in accordance with section 3 of this
17 Act. The total material transferred to the jurisdiction of
18 the Chairman in accordance with this section during any
19 fiscal year beginning more than twelve months after this
20 Act becomes law shall not exceed in value ~~(as determined~~
21 ~~by the Chairman on the basis of the fair market value~~
22 ~~at the time of each transfer)~~ an amount to be fixed by
23 the appropriation act or acts relating to the acquisition of
24 materials under this Act.

25 “(b) Any transfer made pursuant to this section shall

1 be made without charge against or reimbursement from the
 2 funds available to the Chairman, except that expenses inci-
 3 dent to such transfer may be paid or reimbursed from such
 4 funds, and except that, upon any such transfer from the
 5 Reconstruction Finance Corporation, or any corporation
 6 organized by virtue of the authority contained in the Act
 7 of January 22, 1932 (47 Stat. 5), the Secretary of the
 8 Treasury shall cancel notes of Reconstruction Finance Cor-
 9 poration, and sums due and unpaid upon or in connection
 10 with such notes at the time of such cancellation, in an amount
 11 equal to the fair market value as determined by the Chairman
 12 of the material so transferred.

13 “(c) Effective whenever the Secretary of the Treasury
 14 shall cancel any notes pursuant to subsection (b) of this
 15 section, the amount of notes, debentures, bonds, or other such
 16 obligations which the Reconstruction Finance Corporation
 17 is authorized and empowered to have outstanding at any one
 18 time under the provisions of existing law shall be deemed
 19 to be reduced by the amount of the notes so canceled.

20 “(d) Subsection (b) of section 14 of the Act of
 21 October 3, 1944 (58 Stat. 765), is hereby amended to
 22 read as follows:

23 ““(b) Subject only to subsection (c) of this section,
 24 any owning agency may dispose of—

1 “~~“(1)~~ any property which is damaged or worn
2 beyond economical repair;

3 “~~“(2)~~ any waste, salvage, scrap, or other similar
4 items;

5 “~~“(3)~~ any product of industrial, research, agricul-
6 tural, or livestock operations, or of any public works
7 construction or maintenance project, carried on by such
8 agency;

9 which does not consist of materials which are to be transferred
10 in accordance with the Strategic Materials Stock Piling Act,
11 to the stock piles established pursuant to that Act.’

12 “~~“(c)~~ Section 22 of the Act of October 3, 1944 (58
13 Stat. 765), is hereby repealed.

14 “*Provided*, That any owning agency as defined in that
15 Act having control of materials that, when determined to
16 be surplus, are required to be transferred to the stock piles
17 pursuant to subsection ~~“(a)~~ hereof, shall make such determi-
18 nation as soon as such materials in fact become surplus to
19 its needs and responsibilities.

20 “~~“SEC. 7. (a)~~ The Secretary of the Interior, through the
21 Director of the Bureau of Mines and the Director of Geo-
22 logical Survey, is hereby authorized and directed to make
23 scientific, technologic, and economic investigations concern-
24 ing the extent and mode of occurrence, the development, min-
25 ing, preparation, treatment, and utilization of ores and other

1 mineral substances found in the United States or its Terri-
2 tories or insular possessions, which are essential to the com-
3 mon defense or the industrial needs of the United States;
4 and the quantities or grades of which are inadequate from
5 known domestic sources, in order to determine and develop
6 domestic sources of supply; to devise new methods for the
7 treatment and utilization of lower grade reserves; and to
8 develop substitutes for such essential ores and mineral
9 products; on public lands and on privately owned lands,
10 with the consent of the owner, to explore and demonstrate
11 the extent and quality of deposits of such minerals, including
12 core drilling, trenching, test-pitting, shaft sinking, drifting,
13 cross-cutting, sampling, and metallurgical investigations and
14 tests as may be necessary to determine the extent and quality
15 of such deposits, the most suitable methods of mining and
16 beneficiating them, and the cost at which the minerals or
17 metals may be produced.

18. “(b) The Secretary of Agriculture is hereby authorized
19 and directed to make scientific, technologic, and economic
20 investigations of the feasibility of developing domestic sources
21 of supplies of any agricultural material or for using agri-
22 cultural commodities for the manufacture of any material
23 determined by the President pursuant to section 3 of this
24 Act to be strategic, or substitutes therefor.

25 “SEC. 8. There is hereby authorized to be appropriated,

1 out of any moneys in the Treasury not otherwise appropri-
2 ated, such sums as the Congress, from time to time, may
3 deem necessary to carry out the provisions of this Act.
4 The funds so appropriated, including the funds heretofore
5 appropriated, shall remain available to carry out the pro-
6 visions of this Act until expended and (exclusive of sums
7 allocated for the purposes of section 7) shall be expended
8 under the direction of the Chairman.

9 "SEC. 9. Any funds heretofore or hereafter received
10 on account of sales or other dispositions of materials under
11 the provisions of this Act, except funds received on account
12 of the rotation of stocks, shall be covered into the Treasury,
13 as miscellaneous receipts.

14 "SEC. 10. Strategic materials purchased from foreign
15 sources for stock piling pursuant to the provisions of this
16 Act shall be admitted into the United States free of any
17 tariff duty, import tax, or other impost applicable to impor-
18 tations. If any such imported strategic material is disposed
19 of pursuant to section 4 of this Act, and if such disposition
20 is made at a price based on the cost to the Government of
21 such strategic material rather than the market price current
22 at the time of sale, there shall be added to such price the
23 amount of any tariff, duty, import, tax, or other impost which
24 would be due were such strategic material imported at the
25 time the sale is made.

1 “SEC. 11. For the purposes of this Act the term ‘stra-
2 tegic materials’ shall not include petroleum or petroleum
3 products.

4 “SEC. 12. This Act may be cited as the ‘Strategic Mate-
5 rials Stock Piling Act.’”

6 *That the Act of June 7 1939 (53 Stat. 811), as amended,*
7 *is hereby amended to read as follows:*

8 *“That the natural resources of the United States in*
9 *certain strategic and critical materials being deficient or*
10 *insufficiently developed to supply the industrial, military,*
11 *and naval needs of the country for common defense, it is the*
12 *policy of the Congress and the purpose and intent of this*
13 *Act to provide for the acquisition and retention of stocks*
14 *of these materials and to encourage the conservation and*
15 *development of sources of these materials within the United*
16 *States, and thereby decrease and prevent wherever possible*
17 *a dangerous and costly dependence of the United States*
18 *upon foreign nations for supplies of these materials in times*
19 *of national emergency.*

20 “SEC. 2. (a) To effectuate the policy set forth in sec-
21 tion 1 hereof the Secretary of War, the Secretary of the
22 Navy, and the Secretary of the Interior, acting jointly
23 through the agency of the Army and Navy Munitions Board,
24 are hereby authorized and directed to determine, from time

1 to time, which materials are strategic and critical under the
2 provisions of this Act and to determine, from time to time,
3 the quality and quantities of such materials which shall be
4 stock-piled under the provisions of this Act. In determining
5 the materials which are strategic and critical and the quality
6 and quantities of same to be acquired the Secretaries of
7 State, Treasury, and Commerce shall each designate repre-
8 sentatives to cooperate with the Secretary of War, the Secre-
9 tary of the Navy, and the Secretary of the Interior in
10 carrying out the provisions of this Act.

11 “(b) To the fullest extent practicable the Secretary of
12 War, the Secretary of the Navy, and the Secretary of the
13 Interior, acting jointly, shall appoint industry advisory com-
14 mittees selected from the industries concerned with the materials
15 to be stock piled. It shall be the general function of the industry
16 advisory committees to advise with the Secretary of War, the
17 Secretary of the Navy, and the Secretary of the Interior and
18 with any agencies through which they may exercise any of their
19 functions under this Act with respect to the purchase, sale,
20 care, and handling of such materials. Members of the indus-
21 try advisory committees shall receive a per diem allowance
22 of not to exceed \$10 for each day spent at conferences held
23 upon the call of the Secretary of War, the Secretary of the
24 Navy, and the Secretary of the Interior, plus necessary
25 traveling and other expenses while so engaged.

1 “SEC. 3. *The Secretary of War and the Secretary of*
2 *the Navy shall direct the Secretary of the Treasury, through*
3 *the medium of the Procurement Division of his Department,*
4 *to—*

5 “(a) *make purchases of strategic and critical mate-*
6 *rials pursuant to the determinations as provided in section*
7 *2 hereof which purchases (1) shall be made, so far as*
8 *is practicable, from supplies of materials in excess of*
9 *the current industrial demand and (2) shall be made*
10 *in accordance with title III of the Act of March 3,*
11 *1933 (47 Stat. 1520), but a reasonable time (not to*
12 *exceed one year) shall be allowed for production and de-*
13 *livery from domestic sources and in the case of any such*
14 *material available in the United States but which has not*
15 *been developed commercially, the Secretary of War and*
16 *the Secretary of the Navy may, if they find that the*
17 *production of such material is economically feasible,*
18 *direct the purchase of such material without requiring*
19 *the vendor to give bond;*

20 “(b) *provide for the storage, security, and mainte-*
21 *nance of strategic and critical materials for stock-piling*
22 *purposes on military and naval reservations or other*
23 *locations, approved by the Secretary of War and the*
24 *Secretary of the Navy;*

25 “(c) *provide through normal commercial channels*

1 *for the refining or processing of any materials acquired*
2 *or transferred under this Act when the Secretary of*
3 *War and the Secretary of the Navy deem such action*
4 *necessary to convert such materials into a form best*
5 *suitable for stock piling, and such materials may be*
6 *refined, processed, or otherwise beneficiated either before*
7 *or after their transfer from the owning agency;*

8 *“(d) provide for the rotation of any strategic and*
9 *critical materials constituting a part of the stock pile*
10 *where necessary to prevent deterioration by replacement*
11 *of acquired stocks with equivalent quantities of sub-*
12 *stantially the same material with the approval of the*
13 *Secretary of War and the Secretary of the Navy;*

14 *“(e) dispose of any materials held pursuant to this*
15 *Act which are no longer needed because of any revised*
16 *determination made pursuant to section 2 of this Act,*
17 *as hereinafter provided;*

18 *“No such disposition shall be made until six months*
19 *after publication in the Federal Register and transmis-*
20 *sion of a notice of the proposed disposition to the Congress*
21 *and to the Military Affairs Committee of each House*
22 *thereof. Such notice shall state the reasons for such re-*
23 *vised determination, the amounts of the materials pro-*
24 *posed to be released, the plan of disposition proposed to*
25 *be followed, and the date upon which the material is to*

1 become available for sale or transfer. The plan and
2 date of disposition shall be fixed with due regard to the
3 protection of the United States against avoidable loss
4 on the sale or transfer of the material to be released
5 and the protection of producers, processors, and con-
6 sumers against avoidable disruption of their usual
7 markets: Provided, That no material constituting a part
8 of the stock piles may be disposed of without the express
9 approval of the Congress except where the revised deter-
10 mination is by reason of obsolescence of that material for
11 use in time of war. For the purposes of this paragraph
12 a revised determination is by reason of obsolescence if
13 such determination is on account of (1) deterioration,
14 (2) development or discovery of a new or better material
15 or materials, or (3) no further usefulness for use in time
16 of war.

17 “SEC. 4. The Secretary of War and the Secretary of
18 the Navy shall submit to the Congress, not later than six
19 months after the approval of this Act, and every six months
20 thereafter a written report detailing the activities with respect
21 to stock-piling under this Act, including a statement of foreign
22 and domestic purchases, and such other pertinent information
23 on the administration of the Act as will enable the Congress
24 to evaluate its administration and the need for amendments
25 and related legislation.

1 “SEC. 5. The stock piles shall consist of all such
2 materials heretofore purchased or transferred to be held pur-
3 suant to this Act, or hereafter transferred pursuant to section
4 6 hereof, or hereafter purchased pursuant to section 3 hereof,
5 and not disposed of pursuant to this Act. Except for the
6 rotation to prevent deterioration and except for the disposal
7 of any material pursuant to section 3 of this Act, materials
8 acquired under this Act shall be released for use, sale, or
9 other disposition only (a) on order of the President at any
10 time when in his judgment such release is required for pur-
11 poses of the common defense, or (b) in time of war or during
12 a national emergency with respect to common defense pro-
13 claimed by the President, on order of such agency as may be
14 designated by the President.

15 “SEC. 6. (a) Pursuant to regulations issued by the War
16 Assets Administration or its successor, every material de-
17 termined to be strategic and critical pursuant to section 2
18 hereof, which is owned or contracted for by the United
19 States or any agency thereof, including any material re-
20 ceived from a foreign government under an agreement made
21 pursuant to the Act of March 11, 1941 (55 Stat. 31), as
22 amended, or other authority, shall be transferred by the
23 owning agency, when determined by such agency to be sur-
24 plus to its needs and responsibilities, to the stock piles estab-
25 lished pursuant to this Act, so long as the amount of the

1 stock pile for that material does not exceed the quantities
2 determined therefor pursuant to section 2 hereof. There
3 shall be exempt from this requirement such amount of any
4 material as is necessary to make up any deficiency of the
5 supply of such material for the current requirements of
6 industry as determined by the Civilian Production Admin-
7 istration or its successor. There shall also be exempt from
8 this requirement (1) any material which constitutes con-
9 tractor inventory if the owning agency shall not have taken
10 possession of such inventory, (2) such amount of any ma-
11 terial as the Army and Navy Munitions Board determines
12 (i) are held in lots so small as to make the transfer thereof
13 economically impractical; or (ii) do not meet or cannot
14 economically be converted to meet, stock-pile requirements
15 determined in accordance with section 2 of this Act. The
16 total material transferred to the stock piles established by
17 this Act in accordance with this section during any fiscal
18 year beginning more than twelve months after this Act be-
19 comes law shall not exceed in value (as determined by the
20 Secretary of the Treasury on the basis of the fair market
21 value at the time of each transfer) an amount to be fixed
22 by the appropriation act or acts relating to the acquisition
23 of materials under this Act.

24 “(b) Any transfer made pursuant to this section shall
25 be made without charge against or reimbursement from the

1 funds available under this Act, except that expenses inci-
2 dent to such transfer may be paid or reimbursed from such
3 funds, and except that, upon any such transfer from the
4 Reconstruction Finance Corporation, or any corporation
5 organized by virtue of the authority contained in the Act
6 of January 22, 1932 (47 Stat. 5), the Secretary of the
7 Treasury shall cancel notes of Reconstruction Finance Cor-
8 poration, and sums due and unpaid upon or in connection
9 with such notes at the time of such cancellation, in an amount
10 equal to the fair market value as determined by the Secretary
11 of the Treasury of the material so transferred.

12 “(c) Effective whenever the Secretary of the Treasury
13 shall cancel any notes pursuant to subsection (b) of this
14 section, the amount of notes, debentures, bonds, or other such
15 obligations which the Reconstruction Finance Corporation
16 is authorized and empowered to have outstanding at any one
17 time under the provisions of existing law shall be deemed
18 to be reduced by the amount of the notes so canceled.

19 “(d) Subsection (b) of section 14 of the Act of October
20 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

21 ““(b) Subject only to subsection (c) of this section,
22 any owning agency may dispose of—

23 ““(1) any property which is damaged or worn
24 beyond economical repair;

25 ““(2) any waste, salvage, scrap, or other similar
26 items;

1 “(3) any product of industrial, research, agricul-
2 tural, or livestock operations, or of any public works
3 construction or maintenance project, carried on by such
4 agency;

5 which does not consist of materials which are to be transferred
6 in accordance with the Strategic and Critical Materials Stock
7 Piling Act, to the stock piles established pursuant to that Act.’

8 “(e) Section 22 of the Act of October 3, 1944 (58
9 Stat. 765), is hereby repealed.

10 “Provided, That any owning agency as defined in that
11 Act having control of materials that, when determined to
12 be surplus, are required to be transferred to the stock piles
13 pursuant to subsection (a) hereof, shall make such determi-
14 nation as soon as such materials in fact become surplus to
15 its needs and responsibilities.

16 “SEC. 7. (a) The Secretary of the Interior, through the
17 Director of the Bureau of Mines and the Director of Geo-
18 logical Survey, is hereby authorized and directed to make
19 scientific, technologic, and economic investigations concern-
20 ing the extent and mode of occurrence, the development, min-
21 ing, preparation, treatment, and utilization of ores and other
22 mineral substances found in the United States or its Terri-
23 tories or insular possessions, which are essential to the com-
24 mon defense or the industrial needs of the United States,
25 and the quantities or grades of which are inadequate from
26 known domestic sources, in order to determine and develop

1 domestic sources of supply, to devise new methods for the
2 treatment and utilization of lower grade reserves, and to
3 develop substitutes for such essential ores and mineral
4 products; on public lands and on privately owned lands,
5 with the consent of the owner, to explore and demonstrate
6 the extent and quality of deposits of such minerals, including
7 core drilling, trenching, test-pitting, shaft sinking, drifting,
8 cross-cutting, sampling, and metallurgical investigations and
9 tests as may be necessary to determine the extent and quality
10 of such deposits, the most suitable methods of mining and
11 beneficiating them, and the cost at which the minerals or
12 metals may be produced.

13 “(b) The Secretary of Agriculture is hereby authorized
14 and directed to make scientific, technologic, and economic
15 investigations of the feasibility of developing domestic sources
16 of supplies of any agricultural material or for using agri-
17 cultural commodities for the manufacture of any material
18 determined pursuant to section 2 of this Act to be strategic
19 and critical or substitutes therefor.

20 “SEC. 8. For the procurement, transportation, mainte-
21 nance, rotation, storage, and refining or processing of the
22 materials to be acquired under this Act, there is hereby author-
23 ized to be appropriated, out of any money in the Treasury
24 not otherwise appropriated, the sum of \$1,800,000,000: Pro-
25 vided, That not more than the sum set out opposite each of the

1 following fiscal years shall be appropriated for such purposes
2 during such fiscal year:

3 “Fiscal year 1946–1947, \$360,000,000.

4 “Fiscal year 1947–1948, \$360,000,000.

5 “Fiscal year 1948–1949, \$360,000,000.

6 “Fiscal year 1949–1950, \$360,000,000.

7 “Fiscal year 1950–1951, \$360,000,000.

8 “The funds so appropriated, including the funds here-
9 tofore appropriated, shall remain available to carry out the
10 purposes for which appropriated until expended, and shall
11 be expended under the joint direction of the Secretary of
12 War and the Secretary of the Navy.

13 “SEC. 9. Any funds heretofore or hereafter received
14 on account of sales or other dispositions of materials under
15 the provisions of this Act shall be deposited to the credit, and
16 be available for expenditure for the purposes, of any appro-
17 priation available at the time of such deposit, for carrying
18 out the provisions of sections 1 to 6, inclusive, of this Act.

19 “SEC. 10. This Act may be cited as the ‘Strategic and
20 Critical Materials Stock Piling Act’.”

Passed the Senate December 20 (legislative day, De-
cember 19), 1945.

Attest:

LESLIE L. BIFFLE,

Secretary.

AN ACT

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

DECEMBER 21, 1945

Referred to the Committee on Military Affairs

APRIL 4, 1946

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

CONSIDERATION OF S. 752

MAY 20, 1946.—Referred to the House Calendar and ordered to be printed

MR. SABATH, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 626]

The Committee on Rules, having had under consideration House Resolution 626, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 374

79TH CONGRESS
2^D SESSION

H. RES. 626

[Report No. 2078]

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1946

MR. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (S. 752) to amend
5 the Act of June 7, 1939 (53 Stat. 811), as amended,
6 relating to the acquisition of stocks of strategic and critical
7 materials for national defense purposes. That after general
8 debate, which shall be confined to the bill and continue not
9 to exceed one hour, to be equally divided and controlled
10 by the chairman and the ranking minority member of the
11 Committee on Military Affairs, the bill shall be read for
12 amendment under the five-minute rule. At the conclusion

1 of the consideration of the bill for amendment, the Committee
2 shall rise and report the bill to the House with such amend-
3 ments as may have been adopted and the previous question
4 shall be considered as ordered on the bill and amendments
5 thereto to final passage without intervening motion except
6 one motion to recommit.

RESOLUTION

Providing for the consideration of S. 752, a bill to amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

By Mr. SABATH

MAY 20, 1946

Referred to the House Calendar and ordered to be
printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued May 27, 1946
For actions of May 24 & 25, 1946
79th-2nd, Nos. 98 & 99

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HIGHLIGHTS: Senate agreed to conference report on school-lunch bill; ready for President. Sen. Langer criticized OPA regulations as cause of milk shortage in Fargo, N. Dak. Sen. Bridges criticized Government's failure to act in New England feed shortage situation. Sen. Bankhead and Rep. Flannagan introduced bills to provide for further research into basic laws and principles relating to agriculture. Sen. O'Mahoney introduced bill to amend the Sugar Act. House passed administrative procedure bill. House passed strategic materials purchase and stockpiling bill. Rep. Murray introduced bill to limit slaughtering quotas. Senate confirmed nomination of Wyatt to be Housing Expediter. Senate committee recommended removal of all milk and milk products price controls. President's joint-session message on labor situation. President approved Federal pay bill.

SENATE - May 24

- SCHOOL-LUNCH PROGRAM.** Agreed to the conference report on this bill, H.R. 3370, without discussion and without record vote (pp. 5706-8). This bill will now be sent to the President. For provisions of conference report see Digest 94.
- LABOR DISPUTES.** Continued debate on H.R. 4908, to provide additional facilities for the mediation of labor disputes (pp. 5672-706, 5708-41).
- MILK SHORTAGE.** Sen. Langer, N.Dak., criticized OPA milk regulations in Fargo and Moorhead, N.Dak., as the cause of a milk shortage there (pp. 5692-3).
- FEED SHORTAGE.** Sen. Bridges, N.H., inserted his statement criticizing the Government's failure to act in the New England feed shortage which, he says, "is a dire emergency" (p. 5668).
- RESEARCH.** The Military Affairs Committee submitted the minority-views report on S. 1850, to promote the progress of science and the useful arts, to secure the national defense, and to advance the national health and welfare (S.Rept. 1136, Pt. 2) (p. 5668).
- PRICE CONTROL.** Received the 16th quarterly report of the OPA, for the period ending Dec. 31, 1945 (p. 5668).
Sen. Vandenberg, Mich., submitted a Mich. citizens' petition urging the continuation of price control (p. 5668).

7. PUBLIC LANDS. The Public Lands and Survey's Committee reported without amendment H.R. 5271, to amend the act to allow credit in connection with certain homestead entries for military or naval service rendered during War II (S.Rept. 1390) (p. 5668).
8. NATIONAL RESOURCES. Sen. Thomas, Utah, submitted an amendment which he intends to propose to S. Res. 245, to increase the limit of expenditures for the investigation of the better mobilization of the natural resources of the U.S. (pp. 5669-72).

SENATE - May 25

9. PRESIDENT'S MESSAGE; LABOR DISPUTES. Both Houses in joint session received the President's message and recommendations for legislation relative to the labor disputes (pp. 5861-2, 5817).
Sen. Barkley, Ky., and Rep. Rankin, Miss., inserted the President's radio address on the labor situation in which he referred to its effect on the food supply of the country (pp. 5793, 5850-1).
10. PRICE CONTROLS; MILK AND MILK PRODUCTS. The Agriculture and Forestry Committee submitted an interim report on wartime price controls and subsidies affecting milk and milk products, recommending that all subsidies and price controls on such commodities be removed at once (p. 5499-801).
11. NOMINATION; HOUSING. Confirmed the nomination of Wilson W. Wyatt to be Housing Expediter (pp. 5847, 5848).
12. LABOR DISPUTES. Passed, 49-29, with amendments H.R. 4908, to provide additional facilities for the mediation of labor disputes (pp. 5794-9, 5801-17, 5821, 5827-47).
The Interstate Commerce Committee reported with amendments H.R. 6578, to provide for prompt settlement, on a temporary basis during the present emergency of industrial disputes vitally affecting the national economy in the transition from war to peace (S. Rept. number not given) (pp. 5830, 5847). This bill contains the recommendations of the President with regard to the labor situation.
13. RECESSED until Mon., May 27 (p. 5847-8).

HOUSE - May 24

14. ADMINISTRATIVE PROCEDURE. Passed without amendment S. 7, to improve the administration of justice by prescribing fair administrative procedure (pp. 5750-72).
Rejected an amendment by Rep. Kefauver, Tenn., to permit any lawyer who has been admitted to the bar of the U.S. Supreme Court or the highest court of the State of his residence to practice before any Government agency (pp. 5772-3).
For provisions of the bill see Digest 43).
15. STRATEGIC MATERIALS. Passed with amendment S. 752, to provide for the acquisition of stocks of strategic and critical materials for national defense (pp. 5774-89).
16. DAIRY INDUSTRY. Received a Wis. Cheese Makers' Assn. petition setting forth their views on OPA policies (p. 5791).
17. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the program for this week as follows: Mon., District Day; Tues., Memorial day services; Wed., third deficiency bill; and Fri., H.R. 5674, relating to protection work in connection

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I very much hope we will not adopt this proposed amendment. It is now demonstrated that it is highly controversial.

This bill has been worked on for a very long time. Many many groups of people have contributed and are tremendously interested in it, the whole country is and I know most of us on the committee hope we can vote this bill out without amendment and let it go back to the Senate where there is every reason to expect the final act of its congressional progress will be completed the President will sign it and it will be a part of the law of the land.

Mr. JENNINGS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, with all due deference to my distinguished and learned friend from Tennessee, I am inclined to believe that his amendment is tantamount to throwing a monkey wrench into the machinery, putting sand in the bearings and water in the gasoline. As I recall, when this measure was before the committee the gentleman did not suggest this amendment.

It reminds me of the old fellow with whom I was boarding once when I was teaching school who had been in the legislature, and he was so entranced with his experience in that body that I really believe that if he had been standing on the threshold of the new Jerusalem and were about to be ushered in and somebody had offered him another seat in the Tennessee Legislature he would have turned his back on Paradise and gone back to the legislature.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. No; not now; I am not in a yielding mood.

He once asked me this question, "If you were a member of the legislature and wanted to kill a bill, what would you do to kill it?"

"Well," I said, "I would make a speech against it; I would talk to my colleagues and suggest the reasons why it should be rejected and try to get them to help me kill it."

"Oh," he said, "you don't know how to kill a bill."

I asked, "Uncle John, what would you do?" He said, "Introduce an amendment to kill the constitutionality of the bill."

My friend here has used this method to stop the passage of this long-needed legislation by offering an amendment that will make it obnoxious and perhaps lead to its veto by the President.

Let us vote down the amendment offered by my good friend from Tennessee.

Mr. SABATH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman who just preceded me criticized the gentleman from Tennessee because he did not appear before the Judiciary Committee and offer his amendment.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KEFAUVER. I tried to get my friend from Tennessee to yield to say that for many years along with the gentleman from New York, [Mr. HANCOCK], I have had bills pending on this very matter. I happen to be a member of the subcommittee and talked about this proposal with the chairman of the subcommittee. The gentleman from Tennessee not being a member of the committee, of course, would not know that, and I am sorry that he opposes the amendment.

Mr. SABATH. Mr. Chairman, I am not a member of the committee that reported this splendid bill which I believe should pass by unanimous vote. However, I have great respect for and confidence in the gentleman from Tennessee. If he has not been before the Judiciary Committee and did not offer this amendment to that committee, it must be the only committee he did not appear before asking for legislation which he believes is in the interest of the people. He is a most active member, he possesses great intelligence and ability and deserves the appreciation of the Members of this House. I therefore regret that the gentleman who preceded me should criticize and make point of the fact that the gentleman from Tennessee was not present and did not offer the amendment. He appears before the Rules Committee very often, perhaps more often than any other member, and every time he comes before that committee he appears in the interest of legislation that is for the benefit of the masses, in the interest of good government and in the interest of good administration.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. KEFAUVER] to the committee amendment.

The amendment to the committee amendment was rejected.

Mr. WALTER. Mr. Chairman, on page 28 there is a typographical error. In line 3, after the word "the" the word "selfection" should be changed to "selection." I ask unanimous consent that the correction be made.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Chairman, on page 34, line 5, the section should be (d), not (b). I ask unanimous consent that that correction be made.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 7) to improve the administration of justice by prescribing fair administrative procedure, pursuant to House Resolution 615, he reported the bill back to the House with an amend-

ment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FORAND asked and was given permission to extend his remarks in the RECORD.

Mr. TABER asked and was given permission to extend his remarks in the RECORD and include a letter he wrote to the President of the United States and to the Attorney General.

SPECIAL ORDER GRANTED

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that on Monday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend my remarks at the point in the RECORD where I got permission from the committee and to include therein a letter and different indexes from the Attorney General of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. D'ALESSANDRO asked and was given permission to extend his remarks in the RECORD and include a letter he wrote to Gen. Omar Bradley, also letter he wrote to a legislative committee of the House and its reply thereto.

Mr. SASSER asked and was given permission to extend his remarks in the RECORD and include an essay which was submitted in the Nation-wide "Food plank for peace."

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PROGRAM FOR NEXT WEEK

Mr. MICHENER. I do this for the purpose of asking the majority leader what the program for tomorrow and next week will be?

Mr. McCORMACK. There will be no legislation tomorrow. I feel, however, that we ought to meet tomorrow.

Monday is District Day. One bill, H. R. 6265, is on the calendar. That is the bill that came up 2 weeks ago, and I understand that there will be no objection to it. If the stock-pile bill is disposed of today there will be no further legislation on Monday.

Tuesday we will hold memorial exercises for the deceased Members, and there will be no legislation that day.

Wednesday we will take up the third urgency deficiency bill, then House Concurrent Resolution 148, and then H. R. 2871, the Alaskan International Highway Commission.

Thursday is Memorial Day, and there will be no legislation on that day.

Friday we will take up H. R. 5674, a bill relating to protection work in connection with Yuma and Boulder Dam.

That is the program for next week.

Mr. MICHENER. With reference to tomorrow, as I understand, we will be in session for the purpose of being available if the President desires to send any request to the Congress, for legislation dealing with the terrible strike situation prevailing in the country.

Mr. McCORMACK. We will be in session tomorrow. I cannot state that it is for that reason. We will be in session tomorrow because I think it is well for us to be in session.

Mr. MICHENER. It is not usual to sit on Saturday, and in case the President does not take judicial notice of the session, I hope that the distinguished majority leader will advise the President that the House will be in session tomorrow and will be glad to receive any message dealing with this terrible strike situation.

Mr. McCORMACK. The suggestions of the gentleman from Michigan are always welcomed, but in this case I think the President will take legislative notice of the fact that we are in session, and we will be in session not because of the reason stated by the gentleman, but because the leadership feels that we should be in session tomorrow in view, I will agree, of the disturbing and alarming situation that exists, which we all hope that forward-looking, constructive, sane, common sense leadership in the best interest of the country will settle immediately.

Mr. MICHENER. I quite agree with the gentleman, and we are in exact harmony. We, on this side, will be glad to be here, and render any service we can to the administration in dealing with this critical condition.

STRATEGIC AND CRITICAL MATERIALS— NATIONAL DEFENSE

Mr. SABATH. Mr. Speaker, I call up House Resolution 626 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and

controlled by the chairman and the ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this rule makes in order the consideration of the bill S. 752 as amended by the House Committee on Military Affairs. It is a unanimous report, and I think the bill will receive the unanimous approval of the House, as did the bill we just passed.

The bill provides for the acquisition of strategic and critical material for defense purposes. It authorizes the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior to act in conjunction with the Army and Navy Munitions Board to acquire the needed critical materials from time to time, and to dispose of some of it which might not be needed and the disposition of which might be justified by the passage of time.

The bill authorizes for 5 years annual appropriations of \$360,000,000, so that in 5 years it would provide over \$1,800,000,000 with which to acquire these very strategic and critical materials.

I believe every Member is in favor of this legislation.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, this resolution makes in order the consideration of S. 752 to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes. That after general debate, which shall be confined to the bill for 1 hour the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

This bill was unanimously reported by the Committee on Military Affairs after full and lengthy hearings. The Rules Committee likewise reported it unanimously. After a most thorough study of its purposes and values I am convinced that this body should pass it unanimously.

Mr. Speaker, I am certain that this measure for national defense purposes has the endorsement and support of the great majority of our people. I emphasize for national defense purposes because we all realize that large battleships and the most modern military equipment cannot function, cannot be replaced without a large supply of strategic and critical material. Perhaps some unthoughtful person would mention that in the event of attack from some unseen

enemy that the mining industry would commence work immediately and prove equal to the task. That is not true because it takes years for that industry to properly function in the event they are forced to close. Coming from a mining district I am convinced that they will be forced to close unless this legislation is passed. I know this will not happen because I know well that you realize that if our Nation is to be secured that we must see to it that we have a sound and healthy mining industry functioning at all times.

Mr. Speaker, I have stated that it would take years for the proper efficiency and full production in the event that we allowed our mines to close. Shut-down mines, filled with water, caved and rotted and old equipment would indeed require considerable time to bring to being. Ore reserves under such a condition would not give us good preparation in the event of war. We need stock piles that could be shipped immediately.

We must never forget that stock piles of minerals do not become obsolete. Neither do they become outmoded. There is little waste.

In the event of war, of course, manpower and machinery are of extreme importance. Stock piles and functioning mines with modern machinery would permit the assignment of tens of thousands of men to other important work.

Another thing is of grave importance. Congress must retain control over these stock piles. Congress has always done this in the past and we should follow this precedence. We have permitted the use of stock-pile materials only in war emergency. Congressional approval should be obtained before any agency should be permitted to use or release stock piles. These stock piles should be zealously guarded for the Nation's safety.

Mr. Speaker, this rule should be adopted and the bill pass without delay.

Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY] and ask unanimous consent that he may speak out of order.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Speaker, once more I want to call to the attention of the House exactly what is taking place in this country. Yesterday I offered to yield to any Member on either side of the aisle for them to tell me if in their mind it makes sense to have one agency of our Government telling the cattle owners of this country that they could not have any feed; and to have another agency telling them they could not kill the cattle; and the propaganda agencies telling them they should not eat the meat even after the cattle are killed. One fact is obvious. If we have a drought the big packers will make a "killing" that will really be a "killing." The small slaughterer will still be under the heel of the OPA, no doubt. I would just like to know why it is that the big slaughterers who have dominated this meat picture ever since the beginning of

this war, if not for many years before, were able to come down here and sort of write the rules themselves now find themselves under the Agriculture Department and the little slaughterers find themselves in the clutches of the OPA? There were only about 1,500 slaughterers in the United States before the war, and now there are 26,000 of them. Small operators have sprung up in many places in this country. Are the big slaughterers to be provided protective legislation? I repeat that at the present time the big slaughterers are under the guiding hand of the Department of Agriculture, and all the small slaughterers are in the clutches of the OPA. Why this discrimination? Will someone give a worthwhile answer? The meat from a big slaughterer can find its way into a black market as well as the meat from a small slaughterer. These little slaughterers are not allowed even to kill enough cattle in the communities in which they are located to furnish meat for the people in those localities. Now, that is not equity; that is not justice; that is not even common sense. It is not fair and, for that reason, I am today introducing a resolution asking that we do not have any quota on any cattle by anybody at any time that prohibits the killing of less than 500 cattle a month and 1,000 hogs a month. This will give those sections that do have the cattle at least a chance to supply their own needs and they will not be put under the economic necessity of having to have their cattle go to some big packing company some two or three hundred miles away with all the expenses incident thereto and have the meat come back to them for distribution in those communities.

In my own particular part of the country we have been able to kill local cattle and eat the meat for 100 years. Some of us have been able to survive. Now that the war is over, I do not know any reason why these local people cannot kill these cattle in their communities and eat the meat. Remember one branch of the administration does want them to feed them and yet we have another branch that does not want them to kill them. For that reason, I think that somebody, sometime, somewhere, must do something to straighten this meat situation out.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a resolution which I am introducing today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The resolution is as follows:

Resolution relating to quotas with respect to the slaughtering of cattle and hogs

Resolved, etc., That no quota or other slaughtering limitation shall be imposed or continued in effect, with respect to any slaughterer of animals, by the Price Administrator or by any other officer or agency of the Government under authority of any provision of law, which—

(1) in the case of a slaughterer of cattle, does not permit such slaughterer to slaughter at least 500 head of cattle per month; or

(2) in the case of a slaughterer of hogs, does not permit such slaughterer to slaughter at least 1,000 head of hogs per month; or

(3) in the case of a slaughterer of both cattle and hogs, does not permit such slaughterer to slaughter at least 500 head of cattle and 1,000 head of hogs per month.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. CRAWFORD. The gentleman knows, of course, that a lot of these cattle which are now being shipped by the farmers to the stockyards have to be returned to the farmers because when the cattle reach the stockyards they find the quota has been exhausted. They cannot even sell the beef in many cases. Therefore, it is not only a case of the meat going to the packer and then coming back instead of being slaughtered locally, but the situation is that there are many cases now where the livestock on the hoof has to be shipped back. This is one of the most disastrous interferences with private enterprise that I have ever heard of. I am just watching with interest to see how long the people of this country will put up with such an interference.

Mr. MURRAY of Wisconsin. May I say to my distinguished colleague from Michigan that he has brought out another important fact. Such activities by Governmental agencies add confusion to frustration. The people of this country are just getting tired of having rules, directives, and what not put out on the basis of helping a few people at the expense of the many. Their idea of America is legislation that gives everybody a chance, right straight across the board. That is their idea of the kind of Government they want to live under. That is why they want an equal opportunity with the big boys of this country. The resolution is introduced and now it is up to the administration leaders as to what they wish to do about it. If these administration leaders do not do something to correct the situation it will indicate that they are not in sympathy with the small slaughterers. As a minority Member, I have given them a constructive approach to a serious situation.

The SPEAKER. The time of the gentleman from Wisconsin [Mr. MURRAY] has expired.

EXTENSION OF REMARKS

Mr. DOLLIVER asked and was given permission to extend his remarks in the Record and include an editorial.

CORRECTION OF THE RECORD

Mr. CURTIS. Mr. Speaker, on May 14, 1946, I spoke in favor of the Knutson resolution, which resolution appears on page 5096 of the Record of that date. I thereafter revised my remarks, and they appear in the Record of May 16, 1946, on page A-2884, but they do not show that they were made upon the Knutson resolution.

I ask unanimous consent that the Record be corrected to show that my remarks were made on the Knutson resolution.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

CRITICAL AND STRATEGIC MATERIALS STOCK-PILING ACT

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I am very much interested in this bill that is referred to as the stock-piling bill, S. 752. It is certainly in the interest of sound economy of this country and in the interest of our national defense that we have on hand the necessary stock piles of critical and strategic materials.

I am particularly interested in the program with reference to rubber. I am pleased that the committee has inserted the language found in (b) of section 7. I hope that is administered so that it will keep alive the synthetic-rubber industry in this country and cause it to expand and grow.

During the last war and in previous wars this Nation was in an embarrassing and dangerous position because of the lack of rubber. We certainly should keep alive and keep going on a profitable basis those industries that are manufacturing synthetic rubber in this country. A great industry was built up under the leadership of a well-known Nebraskan, Bill Jeffers, the Rubber Administrator. He proved to the world that we can be self-sustaining with reference to our needs for rubber. We should continue to be self-sustaining so that in another time of national emergency we will not be dependent upon foreign shores thousands of miles away for rubber which is so essential to our transportation industry, to our national defense, and to our every-day economy.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. SABATH. Mr. Speaker, I yield 6 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to speak out of order, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, the President, under authority of the War Labor Disputes Act has taken over the coal mines of the country and has ordered the Secretary of the Interior, Mr. Krug, to operate those mines and make a contract with the mine unions.

Mr. Speaker, if Mr. Krug acts with courage, determination, and fairness in this matter, he will incite the admiration and respect and gratitude of the American people. If he cravenly surrenders to the demands of the labor unions holding a gun over the people of the United States and over the Government of the United States, I think his name will not go down in history as a great man.

Mr. Speaker, I do not know when we have ever had an issue that is so vital to

the American people as the question of whether this Government today or tomorrow shall surrender its sovereignty to one man. That is all there is to it.

For historical purposes I think there ought to be stated on the record just what is the law, and whether Mr. Krug or the President or anyone else has the right to yield to the demands of the mine workers without violating their oath of office. For that purpose I have taken this time to cite to you the law on the subject. I am talking about the so-called much-abused Connally-Smith law. I have seen Members get up on the floor and heard them say what a terrible thing it was, and yet today when the Nation is in a crisis it is the only weapon the President has to deal with this situation. It reminds me of an old rusty Civil War gun that might be sitting in a corner behind the door. Everybody said: "Oh, that won't do any good." But when the burglar comes in you grab for it; and that is what has happened in this case.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I have very little time; I am sorry I cannot yield at this point.

Mr. Speaker, the War Labor Disputes Act is very specific on this subject. When it gives the President the power to take over it puts certain limitations upon him. I want to read section 4 into the RECORD:

SEC. 4. Except as provided in section 5 hereof, in any case in which possession of any plant, mine, or facility has been or shall be hereafter taken under the authority granted by section 9 of the Selective Training and Service Act of 1940, as amended, such plant, mine, or facility, while so possessed, shall be operated under the terms and conditions of employment which were in effect at the time possession of such plant, mine, or facility was so taken.

Now, let us go one step further:

SEC. 5. When possession of any plant, mine, or facility has been or shall be hereafter taken under authority of section 9 of the Selective Training and Service Act of 1940, as amended, the Government agency operating such plant, mine, or facility, or a majority of the employees of such plant, mine, or facility or their representatives, may apply to the National War Labor Board for a change in wages or other terms or conditions of employment in such plant, mine, or facility. Upon receipt of any such application, and after such hearings and investigations as it deems necessary, such board may order any changes in such wages, or other terms and conditions, which it deems to be fair and reasonable and not in conflict with any act of Congress or any Executive order issued thereunder.

Now, it is very clear that Mr. Krug under his power given him in the law has no more right to make a contract with John Lewis that is different from the contract that existed when the workers ceased working than any Member of this House has to make that contract; and if he does make that contract he makes it in violation of the law and in violation of his oath of office and in violation of the wishes and prayers of the American people.

There is something that Mr. Krug and

the President can do about it under the Smith-Connally Act. Let us go to the next section. Section 6 provides:

SEC. 6. (a) Whenever any plant, mine, or facility is in the possession of the United States, it shall be unlawful for any person (1) to coerce, instigate, induce, conspire with, or encourage any person to interfere, by lockout, strike, slowdown, or other interruption, with the operation of such plant, mine, or facility, or (2) to aid any such lockout, strike, slowdown, or other interruption interfering with the operation of such plant, mine, or facility by giving direction or guidance in the conduct of such interruption, or by providing funds for the conduct or direction thereof or for the payment of strike, unemployment, or other benefits to those participating therein. No individual shall be deemed to have violated the provisions of this section by reason only of his having ceased work or having refused to continue to work or to accept employment.

Here is the crux of it:

(b) Any person who willfully violates any provision of this section shall be subject to a fine of not more than \$5,000, or to imprisonment for not more than 1 year, or both.

In other words, under that act anybody who bats an eye at Mr. Krug after he takes over these plants and proceeds to operate them, and gives the least assistance, advice, financial or other kind of assistance to such a strike against the Government, this administration today has the power to put that man in jail and the American people want to see him put in jail. The American people want to see the law carried out now in this great moment of crisis, and I hope that nothing will so affect the nerve of Mr. Krug, the President, or anybody else that, having taken these plants over under this law, they will now yield the sovereignty of this Nation to John Lewis or anybody else.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. MAY], chairman of the Committee on Military Affairs.

Mr. MAY. Mr. Speaker, in speaking on this rule which makes in order the bill, S. 752, I should like to make a few observations with respect to the work that has been done in the preparation of this legislation.

The legislation was originally considered by the Military Affairs Committee of the House in 1939 and after long hearings at that time became law. It was known as the act of June 7, 1939. The legislation was considered and passed by the Senate. In the present Congress the Senate took up the act of June 7, 1939, and has amended it.

What this bill does is to strike out everything after the enacting clause in the Senate bill, so written and passed by the Senate, and substitutes certain other provisions. I would like to say that one man perhaps more than any other member of the Military Affairs Committee of the House, and certainly more than I, is entitled to outstanding recognition and credit for this fine piece of legislation. The gentleman from North Carolina [Mr. DURHAM] was appointed by me as chairman of a subcommittee, which committee under his leadership, and I

might say it was wise and unfaltering leadership, went to work, drafted and presented the legislation that is before us today, which was unanimously approved by the whole committee. No man has ever done a better job, no legislator has ever been more faithful, more industrious and diligent in an effort to present to the Congress a fine piece of legislation than the gentleman from North Carolina [Mr. DURHAM], and I pay tribute to him.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield to the gentleman from California.

Mr. JOHNSON of California. I think the chairman of the Military Affairs Committee ought to add the name of the gentleman from Iowa [Mr. MARTIN], because he and the gentleman from North Carolina [Mr. DURHAM] were the experts on this legislation. They really framed it together.

Mr. MAY. I pay tribute to both of them. The gentleman from Iowa [Mr. MARTIN] was particularly helpful and gave much valuable service in the preparation of this legislation. Of course, the gentleman from North Carolina [Mr. DURHAM] was chairman of the subcommittee.

This legislation provides for the acquisition of strategic and essential war materials that are not always available to this country in time of war. Everyone understands that the modern method warfare made necessary vast quantities of equipment of various kinds. As a result, war is built almost entirely upon minerals. We foresaw the approach of war and the act of 1939, amended by this bill, was vital and important in our preparation for the war we felt sure could not be avoided.

The strategic minerals concerned in this legislation are scarce in this country. There is one provision in the bill I am sure everyone is interested in and that is the one which provides for the purchase of these strategic materials out of production in this country where it can be obtained. When it cannot be obtained in this country, then they are authorized to acquire it elsewhere. It is commonly known as the law called Buy American.

When we went to work to get ready in 1939 for what we thought was an approaching war and what since has been demonstrated to be a real war, we were wholly unprepared so far as stock piling of material was concerned. We had to find these materials all over the world. At one time our supply of strategic materials was cut entirely off, shortly after the attack on Pearl Harbor when the transportation lines to the Far East had been broken, when Japan had acquired jurisdiction and control of over 2,900,000 square miles of the Pacific, including all of the strategic raw materials in that area.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Arizona.

Mr. MURDOCK. I observed what the gentleman said in complimenting the

chairman of our subcommittee, the gentleman from North Carolina [Mr. DURHAM], and the gentleman from Iowa [Mr. MARTIN]. That is good, and I concur in it. I know the gentleman is too modest to recall for his own benefit and credit as much history as he might in regard to this legislation. I want to recall it for him. He has had a notable part. On May 18, 1937, the gentleman now addressing us [Mr. MAY] presented a bill of this nature before the House Committee on Military Affairs, so that the gentleman himself really began on this matter prior to 1939. He was working earnestly at it in 1937 and considering the "buy American" clause at that time in the cause of national defense and the welfare of our country.

The SPEAKER. The time of the gentleman from Kentucky has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman one additional minute.

Mr. GRANGER. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Utah.

Mr. GRANGER. I want to say that there is no one who did more or who has a greater knowledge of what should be done in the stock piling of strategic materials than the gentleman from Kentucky now addressing us. I know the great job that he did and the anxiety he had as to whether or not we would be able to get the strategic materials we needed and the great expense that was necessary in order to secure it.

Mr. MAY. Mr. Speaker, I thank these gentlemen very much for their highly extravagant and undeserved compliments to me personally. I feel that the vast amount of the work was done by the subcommittee, for which I am in no wise entitled to credit. However, Mr. Speaker, the pending legislation is of great importance at this time, and I am sure it will receive the unanimous approval of the House of Representatives.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Speaker, while passing around all these deserved compliments to the chairman of our committee, and especially the subcommittee that wrote this particular bill, I would like to join the chairman in expressing regret at the enforced absence today of the chairman of the subcommittee, the gentleman from North Carolina [Mr. DURHAM]. I also join in the compliments paid to the gentleman from Iowa [Mr. MARTIN]. At the same time I would not want the House to forget the fine work done by all of the members of the subcommittee, including the gentleman from Pennsylvania [Mr. FENTON] and the gentleman from California [Mr. JOHNSON]. I would also like to add that among the very first and most ardent advocates of legislation to build up stock piles was the gentleman from Arizona [Mr. MURDOCK] and the gentleman from Utah [Mr. GRANGER]. All the gentlemen I have mentioned worked long and hard

on this very necessary and constructive legislation.

I anticipate no opposition to this bill because it has been carefully worked out. I am sure that every Member joins in a feeling of gratitude that such legislation was enacted as far back as 1939, because, in view of the terrible war through which this country has only recently passed, followed by a great victory, I do not know where our armed forces would have been but for a fairly adequate supply of strategic materials and supplies that was obtained in this country as far as possible and those that could not be obtained were imported.

The chairman has already made reference to some of the provisions of the bill and contrasted the pending bill with the one that passed the Senate. I would like, in order to get right down to the point of this legislation, to quote just a few lines from the report which expresses the situation far better than I can. The report on page 5 states as follows:

(1) Instead of establishing a new agency to administer the stock-piling program, we have provided for administration by the Secretary of War and the Secretary of the Navy, as in the original 1939 act.

(2) Instead of authorizing appropriations without limit, we have limited the authorization to \$1,800,000,000, with a specific limitation to \$360,000,000 in each of the next five fiscal years.

(3) Instead of requiring that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts, we have provided that any such funds shall remain available for expenditure under the stock-pile program.

(4) We have deleted a section in the Senate bill which would have permitted duty-free importation of materials purchased from foreign sources for stock piling.

That just about sizes up the material features of this bill, that will keep this great program in effect.

The bill sets up no new board. It leaves the stock-piling authority exactly where it is now. It places in the Army-Navy Munitions Board, which has done such a fine piece of work, the authority and the discretion to acquire such stock piles as it deems necessary to our adequate national defense. It also makes fair provision for the great mining industry of America, which is entitled to protection. The mining resources of this great country have hardly been touched. They are entitled not only to fair and just treatment but should also be given support and encouragement.

In that connection, I may say that this bill not only comes to the floor of the House with a unanimous report of the committee, but I think it meets with the approval of the mining industry of this country, so I anticipate no opposition to it.

It is sad but true that we are still living in a very sick world. We all hope and pray that there will never be another war, but in view of the present world conditions it is not only the unanimous opinion of the committee but likewise of the heads of our Army and Navy that we must never again be caught short as we were back in 1937, 1938, 1939, and 1940,

and down until the time of Pearl Harbor. We must not again gamble with our security. We must at all times be prepared and that means we must have on hand at all times an adequate stock pile of strategic minerals and supplies. I hope and I feel confident that this bill will pass the House exactly as reported by the committee.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, I am deeply interested in S. 752, now under discussion. I believe there is no one subject that merits greater consideration in the discussion of our national defense and keeping prepared for any emergencies that may arise. Sections 8, 9, and 10 of the bill provide as follows:

SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,800,000,000: *Provided*, That not more than the sum set out opposite each of the following fiscal years shall be appropriated for such purposes during such fiscal year:

Fiscal year 1946-47, \$360,000,000.

Fiscal year 1947-48, \$360,000,000.

Fiscal year 1948-49, \$360,000,000.

Fiscal year 1949-50, \$360,000,000.

Fiscal year 1950-51, \$360,000,000.

The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this act shall be deposited to the credit, and be available for expenditure for the purposes, of any appropriation available at the time of such deposit, for carrying out the provisions of sections 1 to 6, inclusive, of this act.

SEC. 10. This act may be cited as the "Strategic and Critical Materials Stock Piling Act."

I quote from the report of the committee on this bill as follows:

(1) Instead of establishing a new agency to administer the stock-piling program, we have provided for administration by the Secretary of War and the Secretary of the Navy, as in the original 1939 act.

(2) Instead of authorizing appropriations without limit, we have limited the authorization to \$1,800,000,000, with a specific limitation to \$360,000,000 in each of the next five fiscal years.

(3) Instead of requiring that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts, we have provided that any such funds shall remain available for expenditure under the stock-pile program.

(4) We have deleted a section in the Senate bill which would have permitted duty-free importation of materials purchased from foreign sources for stock piling.

We have used the term "strategic and critical materials" instead of "strategic ma-

terials." The former term is used in the title and in the first section of the Senate bill, as well as in the original 1939 act. It is defined in the report of the Army and Navy Munitions Board submitted to the Congress under date of January 2, 1945 (S. Doc. No. 5, 79th Cong., 1st sess.) and has an accepted significance.

Mr. Speaker, as far back as May 8, 1940—volume 86, part 5, CONGRESSIONAL RECORD, page 5786—I addressed the House at some length on this important subject, calling attention to the critical situation that faced us with reference to the dearth of certain critical and strategic materials. I am including the remarks I made at that time in the discussion today as much of the material I gathered bears directly on the bill now under consideration and shows the necessity of enacting legislation of this character. The remarks I made at that time are as follows:

A COMMERCIAL, ECONOMIC, SOCIAL, AND DEFENSE
ANALYSIS OF STRATEGIC AND CRITICAL MINERAL
PROBLEM

Mr. Speaker, the importation of strategic and critical minerals is a national problem of sizable proportions. Aside from the interest in, and the necessity for providing for the common defense, this mineral situation has pretentious economic, commercial, and social aspects. This mineral importation represents an average annual value of about 86 percent of the total metal production in the United States. It also represents an employment displacement equal in number to our total direct metal-mining wage earners.

Raw mineral ores—metallic and nonmetallic—and synthetic agricultural products, constitute the base on which modern industrial activity rests. What we now see in Scandinavia is a struggle for the control of iron ore, which is perhaps the principal industrial metallic material.

Congress is appropriating large sums for military and naval expansion. How effective will these appropriations be unless we remove the bottlenecks created by a deficiency of strategic and critical materials? To make these defense appropriations more effective, we must definitely solve this material problem. Aside from being our principal defense problem, it is one of our outstanding commercial, economic, and social questions. Nationally we need to know where we stand.

I have long thought of coupling Bonneville with the latent resources of the Northwest. This is the motivating reason for my research in this field. My study confirms this early judgment, but at the same time impresses me with the seriousness of the national problem.

HISTORY OF THE PROBLEM

Mr. Speaker, this is no new problem. We first knew of it from our unfortunate and demoralized industrial experience in World War I. We then became suddenly aware of our lack of essential materials. In a quick attempt to cure the situation we hastily conceived and executed a wasteful and extravagant program. Submarines and military appropriation of transports cut off the essential material sources at a time when our War and Navy Departments were speeding up the industrial machine. In 1917 we had no advance plan when the emergency struck our essential industries. Only the shortness of our active war participation saved us from industrial chaos.

In the Defense Act of 1920, Congress placed upon the Assistant Secretary of War the re-

sponsibility of providing a plan for industrial mobilization and the procurement of necessary materials. As a result of this charge, progress has been made but this planning has brought to the front our supply-base weakness.

About 1922 the War Department sought the suggestions of a joint committee from the two national mining societies. In 1924 this joint committee recommended:

First. The purchase, importation, and storage of stock piles of these strategic and critical materials.

Second. The discouragement of artificial domestic stimuli such as tariffs and subsidies.

These two suggestions were not made the base for any legislation nor was the manganese stock-pile suggestion, incorporated in the 1927 annual report of the Secretary of War, formally presented to Congress. War-time strategic mines, with the collapse of high prices, were forced to shut down. A demand for tariff protection followed, which resulted in a mild inclusion in the Tariff Act of 1922. These duties were increased in the act of 1930. Duty on two of these materials has been reduced by reciprocal-trade agreements, namely, manganese and a special grade of mica.

In 1931 the War Department again requested a mineral report from a group of outstanding mining engineers. This group reported the same conclusions as the 1924 group, with the addition of a recommendation for concrete research by the proper Government agencies, to the end that fully demonstrated methods—for exploiting submarginal domestic deposits—may be in hand on the eve of a war emergency. In 1934 the President's Mineral Planning Committee made the same recommendations.

In 1938 the Director of the United States Bureau of Mines urged the mining industry to support the recommendations of these committees, with the additional suggestion that \$500,000 be appropriated annually for investigation and study of means to use our domestic reserves as a permanent solution of the problem.

In June 1939 Congress passed the Thomas Act, authorizing \$100,000,000 a year for a 4-year purchasing program of strategic minerals for stock piles. In addition, this bill authorized \$500,000 annually for 4 years for investigation of domestic resources of these minerals, with the view of stimulating domestic production.

This legislation is a step in the right direction. However, it would seem that we need to go still further. Safeguarding stock piles for a long period is not practical. Nationally we need to be independent. This requires that we know what we really have, how to use submarginal deposits, and how to develop substitute processes and materials. In short, there is a large field for research based on a real inventory of assets.

PRINCIPAL INDUSTRIAL MATERIALS

Finch and Farness, in their Analysis of the Strategic Mineral Problem, list the following principal industrial materials:

Metals: Aluminum, antimony, chromite, copper, iron, lead, manganese, mercury, nickel, tin, tungsten, zinc.

Nonmetals: Asbestos, barite, China clay, coal, fluorspar, graphite, gypsum, magnesite, mica, nitrates, petroleum, phosphates, potash, pyrites, sulfur, talc.

PRODUCTION ABILITY

As an index covering the production ability of the principal nations of the world, I am presenting table 1:

TABLE 1.—Production ability of principal countries to supply primary industrial metals

[Number of metallic and nonmetallic ores available and controlled, or not available for domestic consumption—out of 12 primary metals and 16 primary nonmetallic ores. This table indicates number of ores but is not an index of quantity or quality]

Country	Number of metallic ores		Number of nonmetallic ores	
	Available	Not available	Available	Not available
United States.....	5	7	7	9
United Kingdom.....	10	2	13	3
France.....	4	8	6	10
Germany.....	0	12	6	10
Italy.....	5	7	8	8
Japan.....	2	10	7	9
Belgium.....	1	9	0	16

(Data derived from chart, p. 2, of Analysis of Strategic Mineral Problem of United States, by Finch and Farness, U. S. Bureau of Mines.)

This table only covers supply self-sufficiency of materials. It is a material number index only, and furnishes no measure of quantity or quality available in each country. However, it does show that we do not have the material independence of the United Kingdom. In number of available materials we rank next to Britain. This table also points out, impressively, the plight of Germany, Japan, and Belgium. A full understanding of this table will explain existing world-wide conditions.

STRATEGIC MATERIALS

Mr. Speaker, strategic materials are defined as those essential materials on which supply reliance must be placed on foreign resources. Critical materials can also be defined as those defense materials presenting some difficult procurement problems but of a less serious nature than the case of strategic materials. The critical-materials problem requires research and legislation to control conservation and distribution. The Munitions Board's listing of strategic and critical minerals is as follows:

Strategic minerals in order of priority: Manganese, chromium, tin, tungsten, nickel, quartz crystals, aluminum, antimony, iodine, mica, mercury.

Alphabetic list critical minerals: Abrasive, arsenic, asbestos, cadmium, copper, cryolite, fluorspar, graphite, helium, iron and steel, lead, magnesium, molybdenum, petroleum, phosphate, platinum, potash, refractories, sulfur and pyrites, titanium uranium, vanadium, zinc, zirconium.

IMPORTATIONS

Mr. Speaker, in tables 2 and 3 is presented data on the importation of strategic and critical metals. This data was independently worked out from material in Roush's Strategic Mineral Supplies, and the Mineral Year Books of the United States Bureau of Mines. Importations fluctuate from year to year because of the business cycle, and also because of importations for industrial stocks. I have, therefore, tabulated the fluctuations both in the good and lean years, and have struck off a mean value, which is the basis of these tables. I have added magnesium to the list prepared by the experts in this field. Magnesium is the metal of the future. It is lighter than aluminum and much stronger, and, in addition, will furnish a limited substitute for tin products. There are extensive deposits of this basic ore in the Northwest. This metal can help solve our defi-

ciency problem. Germany is developing magnesium for airplane construction from much

lower grades of ore than are found in the Northwest.

TABLE 2.—Strategic metals

Metal	Unit of measurement	Long-time average apparent consumption	Long-time average apparent domestic production	Equivalent imported consumption	Average price per unit	Value of average imports
Bauxite ore (aluminum)	Metric ton	540,000	320,000	220,000	\$6.50	¹ \$1,430,000
Antimony	do	12,360	2,050	10,310	² 2.11	2,500,000
Chromium	do	188,300	7,800	181,500	24.00	³ 7,200,000
Iodine	Pound	1,349,000	274,000	1,075,000	1.00	⁴ 1,075,000
Manganese	Metric ton	561,400	41,400	520,000	16.70	⁵ 8,700,000
Magnesium	Short ton			14,000	300.00	⁶ 4,200,000
Mercury	Pound	2,038,000	1,071,000	960,000	⁷ 91.00	⁸ 1,150,000
Mica	Short ton			5,260		⁹ 921,000
Nickel	do	22,500	300	22,200	700.00	15,540,000
Tin	Long ton	63,500	(¹⁰)	63,500	² 45	63,800,000
Platinum	Troy ounce	229,000	46,000	183,000	28.50	5,220,000
Tungsten	Short ton	3,225	1,225	2,000	1,075.00	2,150,000
Total						113,886,000

¹ 14-year average, since time that domestic ore production was curtailed.

² Per pound.

³ Chromium consumption has materially increased in last few years. The figures presented represent modern use, since advent of stainless steel.

⁴ Last 6-year average, since the start of American production.

⁵ Taken from value of imports, rather than unit price as manganese content of ore varies widely.

⁶ Estimated on basis of modern development.

⁷ Per flask.

⁸ Based on commercial flasks of 76 pounds.

⁹ Based on total difference of imports and exports. There are so many different grades of mica imported that a single price will not be representative of all mica importations.

¹⁰ Practically none.

NOTE.—Consumption, imports, and prices fluctuate from year to year. These tabular quantities do not represent any specific year, but are a composite average of boom and depression years derived from graphs plotted from data given in the mineral yearbooks and Rusch's Strategic Minerals in order to set a composite average-apparent long-time average and to eliminate fluctuations resulting from stocking imports.

TABLE 3.—Critical minerals—Value of imports

Minerals:	
Abrasives	\$5,768,500
Arsenic	723,400
Asbestos	8,315,400
Cadmium	1,080,000
Copper	¹ 24,000,000
Cryolite	1,134,000
Fluorspar	390,000
Graphite	560,000
Lead	656,000
Molybdenum	59,000
Phosphate	2,585,000
Potash	16,850,000
Titanium, uranium, vanadium	811,000
Zinc and zirconium	800,000
Total	63,723,300

¹ Estimated on basis of 480,000,000 pounds, at 5 cents per pound.

It will be noted that the annual mean importations of strategic and critical minerals total \$177,600,000. When this total is compared with the total annual value of the products of metal mines in the United States the significance of this problem is apparent. The 1935 value of products of all metal-mining industries in the United States is given by the United States Department of Commerce as \$206,000,864.

MINING EMPLOYMENT

Mr. Speaker, there is a direct relationship between the value of mining products and the number of employed wage earners. To show this relationship I have compiled table 4 from data in the Department of Commerce's 1939 edition of Industrial Market Data Handbook of the United States.

TABLE 4.—Relationship, value of products, and number of wage earners; metal mining

State	Value of product	Expenditures for materials and supplies	Number of wage earners
California	\$30,550,658	\$7,422,051	12,021
Colorado	12,988,490	5,113,780	5,574
Idaho	14,137,081	2,934,283	3,754
Montana	25,481,248	9,067,192	6,950
Nevada	12,120,855	3,492,498	3,663
Oregon	1,776,157	660,543	1,321
Utah	20,728,634	4,584,636	4,523
	117,783,123	33,274,983	37,811

Composite averages:

Number mine wage earners per million value of products	321
Expenditures materials and supplies per million of product	\$283,000
Employment of materials and supplies per million of products	46
Total wage earners in mining and fabrication of mining supplies per million-dollar value of mining product	367

Calculated from statistical data in U. S. Department of Commerce's Industrial Market Data Handbook, 1939 edition.

Based on the given relationship between value of products and employment, the direct wage earners displaced by the importation of strategic and critical minerals is as follows:

Direct wage earners in mines	57,200
Wage earners represented by materials used in mines	8,200

Total displaced direct wage earners. 64,400
This direct displacement is 25 percent higher than the total industrial employment in the

State of Oregon. The industries of Oregon, on the average, give employment to 52,200 wage earners and produce an annual pay roll of \$53,070,000 and products valued at \$265,437,000. This comparison points out the large possibilities inherent in the development of the latent resources of the Northwest.

INDIRECT PAY ROLL

For every person gainfully employed in mining or industry, there is, conservatively, at least 2 to 3 persons gainfully employed in agriculture, construction, finance, trade transportation, and some seven other lines of major employment activities. Direct employment in mine or factory induces employment in other lines. To show this relationship, I am presenting table 5.

TABLE 5.—Distribution of United States employment

	Equivalent full-time employment	Percent of total
Agriculture	9,925,000	24.0
Construction	719,000	1.7
Finance and government	3,128,000	7.5
Manufacturing	¹ 8,512,000	20.6
Mining (all mining)	² 745,000	1.8
Railroads	³ 1,014,000	2.4
Trade	6,572,000	15.9
Services	6,562,000	15.9
Utilities:		
Electric	⁴ 245,000	.6
Electric railway, telephone and telegraph	⁴ 580,000	1.4
Other	1,379,000	3.3
Miscellaneous	2,030,000	4.9
Total	41,411,000	100.0

¹ This figure is slightly higher than that reported by the U. S. Department of Commerce in Industrial Market Data Handbook for 1935. This difference is due to including in the figure presented herewith average part-time employment.

² This figure checks substantially with U. S. Department of Commerce figures for 1935.

³ From 1935 report Interstate Commerce Commission.

⁴ Estimated from data presented in Moody's Manual of Public Utilities.

This table presents the best guide as to the part played by each section of the over-all employment sources in the national economy.

Based on chart IV, Structure American Economy, June 1939, National Resources Committee, p. 63.

Ratio of employment in different sections per industrial employee:

Agriculture	1.16
Railroad	.12
Trade	.77
Services, personal	.77

Sum of principal other employment sources. 2.82

Ratio of industrial employment to all other employment sources. 4.86

The modern key which can unlock the door leading to the storehouse of latent resources is electrometallurgical, electrochemical, and electrothermal processes. Cheap hydroelectric power is the Northwest's greatest resource. If wisely used, it will become a national, as well as a great local asset. Electric processes can make the opening of mines possible. Opening mines will furnish materials for basic industrial development. Basic industries which use large amounts of power induce secondary industries which are large users of manpower but smaller users of

mechanical power. In addition to latent minerals the Northwest has vast forestry and agricultural resources. The same energy methods can be applied to forestry and agricultural wastes and products.

The lack of metallurgical coke has kept iron and steel industries from locating in the Northwest. Recently developed processes point out the way to manufacture synthetic coke from wood wastes. Any mining and industrial development requires collateral transportation, finance, construction, trade, and utility services, with attendant indirect employment. The starting point in this development lies in tying together the energy sources and the latent products of the ground. We need to open mines and establish basic industries, and use waste forest and agricultural products.

NITROGEN

Mr. Speaker, during the last World War nitrogen and its compounds was No. 1 on the list of strategic materials. Four years ago this element was transferred from the strategic list to the critical list. Last year it was removed from the critical list because of progress made in synthetic production from the air.

The nitrogen situation furnished an illuminating example in what can be accomplished by research and investigation, and points out a definite avenue of approach in our present situation. The largest uses of nitrogen are for explosives and fertilizer. Practically the entire supply of the world's mineral nitrogen was concentrated in Chili, under monopolistic control. Foreign ownership early realized the importance of control both of production and trade routes. German capital then owned one-third of these nitrogen ores.

Space does not permit repeating the history of the political and commercial struggle over this Chilean ore. The 1914 British-German naval battle off the Falkland Islands resulted from the tussle to control the nitrate trade routes. The removal of German shipping from the high seas and the German blockade was of important military advantage to the Allies, but led to the development of synthetic processes and the overthrow of Chilean supremacy in the nitrogen industry. These facts together with the long-distance transportation and requirements of large tonnage space for the world's requirements, placed the synthetic nitrogen industry on its feet. The large concentration of this natural mineral ore is a place far removed from the consumption centers, and the world's dependence on a single remote source, induced the chemical industry to get to work on processes and substitutes.

There is very little new under the sun. All we have to do to progress is to observe, work, and experiment. From the beginning of time nature has taken nitrogen from the air. Thunderstorms and lightning have fixed nitrogen in the form of nitrogen oxide, which reaches the soil dissolved in rain. It has been estimated that each year lightning fixes 100,000,000 tons of atmospheric nitrogen, which Roush stated is 50 times the amount annually produced by man. Eighty percent of nature's fixation is lost at sea, and a large part of the remaining 20 percent falls on unproductive land. Only 2 to 9 pounds per acre annually reach tilled land, depending on the frequency of thunderstorms. When man's ingenuity went to work and imitated nature, or developed byproduct processes, or produced artificial lightning under a control system of occurrence, the air and coal mines were opened for nitrogen production. This development has been rapid and has progressed to such a point that 75 percent of the world's nitrogen requirements are now supplied from synthetic sources. The air's supply of nitrogen is unlimited.

Besides production from natural sources, there have been developed two principal synthetic sources, namely, byproducts from

coke and atmospheric nitrogen. The development of byproduct coke ovens started in the depression of 1893, and by 1914 domestic byproduct nitrogen supplied one-quarter of our domestic requirements. Since the World War byproduct nitrogen production has increased rapidly. The amount of such byproduct production depends on our coke and steel requirements. The difference between our consumption and byproduct production can be supplied from atmospheric sources.

Three processes have been worked out for fixing atmospheric nitrogen. This conversion can be effected by the cyanamide process, the high-tension electric spark, or catalytic action at high temperatures and pressures in the formation of ammonia. As a war measure, Congress authorized the construction of a 40,000-short ton cyanamide plant at Muscle Shoals. This plant was completed after the armistice but has not been in operation except for test purposes. The largest cyanamide plant in existence is the 80,000-ton plant at Niagara Falls, Canada, just over our border. The first synthetic-ammonia plant was built in 1921. Nearly 90 percent of our synthetic-ammonia capacity is found in two plants at Charleston, W. Va., and Hopewell, Va. Chemical research has solved the nitrogen problem and assured our self-sufficiency in this material. This case is cited as an example we should follow.

THE REMOVAL OF OTHER MATERIAL DEFICIENCIES

Another of our World War shortages was potash, one of the three essential plant foods and a requisite in the manufacture of a number of products, including radical compounds and black gunpowder. Extensive exploration has located an inexhaustible supply in New Mexico and California. In spite of our developed potash independence, we import 350,000 tons annually to supply a consumption of 620,000 tons.

The Bureau of Mines has recently developed a new process for the production of pure electrolytic manganese, which is No. 1 on the current list of strategic metals. This process has been patented, and a use license was issued in 1938. A small manganese pilot plant is under construction in Knoxville, Tenn.

The Bureau of Mines and Washington State College have also recently developed a combined flotation and electric method for extracting magnesium metal from the lower-grade magnesite ores of the Pacific Northwest. In 1938 a method was found to protect lower-quality magnesium from corrosion. Another protective treatment has been developed through electrolysis. High-strength magnesium alloys have been produced experimentally. The Northwest Magnesite Co. has completed the construction of a 5-ton experimental plant for the beneficiation of magnesite ores. This work opens an avenue for the utilization of cheap Bonneville power for the production of magnesium from magnesite. This is a field of major proportions, and one in which great advances will be made. Magnesium can be substituted for some of the deficient metals.

The United States chemical industry was greatly stimulated by the World War. As a result of the present war, chemical industrial activity is now expanding on a world-wide basis. Synthetics in many fields are replacing natural materials, as better results have been obtained from controlled and stable processes. The most spectacular of recent developments has come in the field of plastics. For years we have imported millions of dollars' worth of natural gums, but this importation has dropped to small quantities. We are now able to manufacture high-grade synthetic gums for fibers and lacquers from agricultural products. Rayon is replacing imported silk.

What we must now consider is the commercial effect of the German ersatz progress. The soybean and castor bean will become the

raw-material base for a developing plastic industry. Many natural articles now in consumer trade will be produced synthetically. We need to watch the growth of world markets for new kinds of merchandise, and the effect dispersion of political exiles from Europe, with their inventive aptitude and their skill in trading, will make on our industry and commerce. If we are to hold our place as a nation, we must go into and solve this problem in an effective way. World conditions will not permit halfway measures.

Minerals amount to about one-sixth of our total imports. Of this amount 38 percent are strategic minerals and 21 percent are critical minerals. In addition, we import about \$119,000,000 in rubber. It is, therefore, apparent that a few materials occupy an important, and seemingly an indispensable, place in our world-wide over-all strategy.

In citing the advances made in synthetic production I do not want to create the impression that we are making exceptional progress. Modern industrial development has created new requirements, especially in the field of alloy steels. With the advance in technology, new requirements have come up about as fast as we have solved our older problems. Most of our rubber and tin—totaling in annual imports \$188,900,000—come from the Dutch East Indies and the Malay States. The present implications are that we may have to secure rubber and tin from other sources. To protect this source of supply would require us to expend a billion dollars per year for an augmented navy. Could we not declare our independence in tin and rubber through technological synthetic developments? It could be done at a much lower price and keep us free from involvement in Old World affairs.

THE HANDICAP OF IMPORT RESTRICTION

Mr. Speaker, how restrictions can be placed upon us, by dependence on imports, is exemplified by the case of aluminum ore—bauxite. In the early days of the aluminum industry, domestic metal requirements were derived from domestic ores. In the interim, use of aluminum expanded sevenfold, and this industry had to seek foreign ore sources. Today one-half of our ore requirements are imported—almost entirely from British Guiana. After American exploitation in this country, a British ruling was issued limiting the use of ore on crown lands in any British territory to British capital. However, a concession was granted in the case of Guiana, provided the ore was reduced in British territory. This ruling resulted in the establishment of the large American-owned plants at Arvida and Shawinigan Falls, Quebec. We must realize that importations can impose political and commercial control by outsiders, adversely affecting our defense, employment, and commercial situation.

Bauxite deposits in the United States are small but large reserves of the submarginal ores, leucite and alunite, exist in Utah, Colorado, Wyoming, Oregon, and Washington. Further development in technology is needed for the commercial development of these submarginal ores. Occurrences of bauxite in Oregon have been reported, but further detailed surveys are needed to determine the quality and extent of these Oregon deposits.

The same situation existed as to nickel. After the *Deutschland* incident in 1915, Canada required smelting within her borders, resulting in the closing of our New Jersey nickel smelters.

MINERAL RESOURCES OF NORTHWEST

Forty-one mineral occurrences have been charted in the Pacific Northwest. This number includes 21 industrial metals, 9 of the 11 strategic metals, and 14 of the 24 critical metals. The extent and quality of all these occurrences has not been fully determined. Low-priced power for modern processes is available, and all that is needed to utilize

these resources is an accurate inventory of quantity and quality of minerals and practical processes for beneficiation of the determined quality of the ores.

Under the Thomas act the United States Geological Survey and the Bureau of Mines are authorized to make the necessary surveys and investigations. With the cooperation of the State Mining Bureaus, these two Federal agencies can make a wider coverage with the given appropriations. We have heard a great deal about these occurrences. Our first step is to determine really what we have of commercial value and then concentrate on the utilization of these determined values.

The region is short of fuels and metallurgical coal. This fact has hampered past industrial development. Low-priced hydro power is more than a substitute for these fuels. Such power is the most modern tool in the industrial kit.

Over all, we have sufficient information to conclude that a substantial part of these minerals are of low grade and occur in complex ores. The treatment of such ores cannot be accomplished by established standard processes, successfully used in the East under different conditions. We need to follow up such an inventory with investigation and experiment. We need also to develop new processes in pilot plants, and to fairly protect utilization against the "sidetracking" control of monopolies. Briefly, this is the formula which will tie together the power and mineral resources of the region into a great national asset. Again I must state that there is nothing new in this formula. It is the one used in Scandinavia, where natural endowments are similar to those of the Pacific Northwest. It was the cheap and abundant hydro power of Niagara, through electric processes, that made the automotive industry of Detroit possible.

THE SOLUTION

Mr. Speaker, in an emergency the lack of strategic and critical material sources will become a great national handicap. To solve this problem we cannot afford to wait until the arrival of such an emergency. Our industrial system cannot change its operations overnight. Any adjustments must be gradual and developed under normal conditions.

Aside from being a defense question, it is one of great commercial, economic, and social proportions. A partial solution of the unemployment problem is wrapped up in this matter, and it has a sufficient pressing demand to warrant further consideration by Congress. This problem is susceptible of a number of solutions, which I am collecting and restating. The solution to adopt will depend on the material. Most likely we will find that the most advantageous program will be a combination of several or more solutions. These are:

(1) Make it possible for the Geological Survey and the Bureau of Mines, with the cooperation of the State agencies, to accumulate all available information on metal deposits.

(2) Expand surveys and samplings of reported occurrences to accurately determine extent and commercial quality of deposits.

(3) Advance processes or develop new methods for processing medium and lower grade ores, through research, experiment, and the construction of pilot plants.

(4) Increase domestic peacetime production.

(5) Adopt conservation measures for those materials where domestic reserves are definitely known to be limited.

(6) Expand recovery of secondary metals—scrap.

(7) Develop both general and limited substitutes.

(8) Build up reserve stocks, by use in other commercial channels, which can be converted to basic metals if necessary.

(9) Establish stock piles. Stocking is needed to protect immediately against the

consequences of a long-delayed plan or adjustment of industry to new processes. At best, stock piles is a short-time expedient. On a long-time basis, it should not be attempted until possibilities of other solutions have been exhausted.

(10) Establish research in the collateral fields of prices, markets, cost of development, cost of operation of commercially feasible or undeveloped sources, and the accessibility and cost of transportation. [Applause.]

Mr. SABATH. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, by direction of the committee having jurisdiction, I desire to give notice that on Wednesday I will report out the third urgency deficiency bill and call it up on the same day.

Unanimous consent is not required. The bill is privileged under the rules. As the Members of the House will recall, it was formerly the custom to consider general appropriation bills on the day on which reported, but I have always delayed consideration at least 1 day in order to give the House opportunity for a more leisurely study of the report.

However, next Tuesday is set aside for memorial services in the House, so it will be impossible to submit the report on that day. Therefore, unless there is objection at this time, I will report the bill and will call it up for consideration on the same day on which it is reported.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. MICHENER. Is that agreeable to the gentleman from New York [Mr. TABER], the ranking Republican on the committee?

Mr. CANNON of Missouri. Yes. I have taken the matter up with him and notified him that I would make this request, and it has his approval.

Mr. MICHENER. My understanding was that there were not to be any controversial matters considered on Wednesday.

Mr. CANNON of Missouri. I do not believe the gentleman will find anything controversial in this bill. It carries urgent deficiencies which must be provided for before the end of the fiscal year.

Mr. MICHENER. If the gentleman from New York [Mr. TABER], the ranking minority member of the committee, has agreed, that is all there is to it.

Mr. CANNON of Missouri. The gentleman from New York has been consulted.

Mr. MICHENER. However, I thought there was an understanding on the part of the leadership on both sides that no controversial matter would be considered on Wednesday, and I felt sure that if this was controversial that agreement would be respected.

Mr. CANNON of Missouri. This is a matter of providing for urgent deficiencies, and Wednesday is the last day on which we can report the bill. I desire to give notice that I will call the bill up on the same day on which it is reported. It is not necessary to have consent, but I wanted to apprise the House of this departure from the usual practice.

Mr. SABATH. Mr. Speaker, I yield such time as he may require to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Speaker, I know of no legislation passed during the war period that has been so significant to our national defense as the stock piling of strategic materials and the measures taken to provide the critical and strategic materials, especially minerals, and metals, for war purposes and for national defense. I am heartily supporting the bill. I trust the rule will be adopted and the bill passed without a dissenting vote.

This is timely legislation. It is needed at once because of postwar conditions. I have always thought Congress was a bit slow in passing this type of legislation just before the war. It should have been passed several years before it was enacted. Let us not delay such steps in the postwar period.

(Mr. MURDOCK asked and was given permission to revise and extend his remarks.)

PRESIDENT HAS DONE EVERYTHING IN HIS POWER

Mr. SABATH. Mr. Speaker, I yield myself such time as I may require.

I cannot, Mr. Speaker, afford to permit to remain unanswered what I consider unfair and unjust attacks against the President of the United States.

I have been in Congress for many years. I have served under nine Presidents, and I have known them all well, having had the highest regard, of course, for the late President Roosevelt; but not even that great and extraordinarily able man could in this juncture, have tried harder or more skillfully to reach a settlement satisfactory to all than has President Truman, who I know is sincere, honest, and just, and has done his utmost to bring about harmony between capital and labor, and to prevent the occurrence of these strikes.

Neither you, nor I, nor he, under the Constitution, can force men to work. The law of the land gives to labor the right to organize. The President, realizing that, has striven to bring about an adjustment of differences by peaceful means, by conferences and by mediation and conciliation.

PRESIDENT IS NOT A DICTATOR

During the first 6 months of his administration you gentlemen, and the gentlemen of the press, gave to President Truman great acclaim. I said then, and I repeat, much of the praise, the unsought advice, the prognostications laid before him, were designed to win him over to the camp of reaction, in the hope of controlling him. Having followed the just course to which he pledged himself and this Nation, the President now is being unfairly attacked and unjustly.

Well, you have done that to other Presidents. The vested interests of greed and avarice thus assailed the late Franklin D. Roosevelt, Wilson, Theodore Roosevelt, Lincoln, Jackson, and even George Washington, the Father of our Country.

It is easy to criticize and find fault—far easier than to do the task before us.

Had President Truman exercised his full wartime powers, had he arbitrarily broken this strike by sheer might, the same voices which criticize him here today would have been calling him dictator.

President Truman is not a dictator. He reveres and believes in and adheres to that Constitution to which each of us has taken the oath of fealty. He is loyal to our democratic methods. He has done everything in his power to bring the strikers and the owners together. While in Congress we have heard nothing but labor, labor, labor. The President has realized there are two sides to every question and two parties to every dispute.

I am hopeful that in the next 24 or 48 hours both these great and desperate strikes will have been settled agreeably to both sides, and that labor will not be punished by having many of those rights for which I have so long labored stripped away.

LABOR MUST END INTERNAL DISPUTES

These unfortunate strikes have given to the enemies of organized labor and to the professional labor baiters an excuse to excoriate labor and its freely chosen leaders.

Personally, I deplore these strikes more than I possibly can say because I feel they are bound to have an unfortunate effect upon the American people and may react unfavorably upon the cause of organized labor.

I, as a friend of organized labor, and as one who for 40 years has urged living wages and decent living conditions, dislike very much that the advances made by labor, especially in the last 12 years, should be risked or lost.

For that reason I once more urge organized labor—in the railroads, in the coal mines, in the CIO, in the AFL, in the independent unions—to cease their internal discord and strife, and to come to an understanding, and join hands and work in harmony before it is too late.

ENEMIES OF LABOR ARE UNITED

All labor leaders, and all members of unions, and unorganized workers, must recognize that the enemies of labor, the industrialists, big business, and the financial powers of the world, are strong and powerful and united, and will exert their great power and influence to weaken the cause of labor in every way, though in the long run they will hurt themselves thereby.

Not the most bitter antagonists of the CIO and of militant labor politics can find in the strike of the United Mine Workers of John L. Lewis, nor in the strike of the trainmen and engineers the bugbear of the CIO or of the Communist front, so-called, nor can they, as is their custom, claim these strikes were ordered from Moscow by Joe Stalin. The mine workers now are part of the American Federation of Labor; the striking brotherhoods are the oldest and most conservative of all labor organizations, and their members are mainly from the oldest American stock, and no one has dared, or will dare, to question their patriotism.

GOOD WAGES ARE GOOD BUSINESS

For the information of those who love to label anyone who believes in the cause

of labor as "pink" or opposed to all industry, let me say to them: I am not against business or industry or private enterprise. I am, in fact, financially interested in many private enterprises, and have been for years. I have made money in business and the law. I have at all times cooperated with all legitimate businesses. I am not going to cut off my nose to spite my face by fighting business.

But good wages are good business. I believe in fair play. I am a Jeffersonian Democrat; I believe in equal rights to all and special privileges to none. Unfortunately, greed never changes, and industrial and financial leaders allow their avarice and their selfishness to make them unfair to labor, and ultimately to themselves and to the country.

I always favored high wages and better living conditions. Well-paid workers are better consumers, and that makes for better business and prosperity to all.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the bill (S. 752) to amend the act of June 7, 1939 (58 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the reading of the bill be dispensed with and be printed in the Record at this point.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The bill reads as follows:

Be it enacted, etc., That the act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. (a) The President shall establish, within such agency of the Government as he shall designate, a Strategic Materials Stock Piling Board (hereinafter referred to as the Board). The Board shall consist of a chairman (hereinafter referred to as the chairman), to be appointed by the President, by and with the advice and consent of the Senate, and the following members with whom the chairman shall advise and consult: The Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the

Secretary of Agriculture, and the Secretary of Commerce. Each member of the Board may designate an officer of his department to serve as his representative on the Board. The chairman shall receive a salary of \$10,000 per annum and is authorized, within the limits of funds which may be made available, to appoint and fix the compensation of such officers and employees, and to make such expenditures for supplies, facilities and services, as may be necessary to carry out the functions of the chairman and the Board under this act. Without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, the chairman may appoint such engineers and other experts as may be necessary to carry out his functions. Upon the request of the chairman, the head of any agency may detail personnel in his agency, including commissioned officers and enlisted personnel in the armed forces, for service under this act subject to the direction of the chairman.

"(b) The Chairman may perform the duties and functions imposed upon him under this act through such agencies, acting under his direction, as he may designate, and the Chairman shall reimburse such agencies for any expenditures so incurred and for any services so performed out of the funds available to him under this act.

"(c) To the fullest extent practicable, the Chairman shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Chairman and the Board with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Chairman, plus necessary traveling and other expenses while so engaged.

"SEC. 3. To effectuate the policy set forth in section 1 of this act, the President with the advice of the Board, shall determine from time to time (1) which materials are strategic, (2) the quality and quantities of such materials needed to effectuate the purposes of this act, and (3) the dates by which such quantities should be acquired. The authority conferred upon the President by this section may, in his discretion, be exercised through such officers and agencies as he shall designate.

"SEC. 4. The Chairman, with the advice of the members of the Board shall—

"(a) direct the purchase of strategic materials pursuant to the determinations as provided in section 3 hereof, which shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and at a price not in excess of the current open market price;

"Such purchases shall be made with due regard to the objectives set forth in section 1 of this act, and except where the Chairman with the advice of the members of the Board, shall determine that the objectives cannot thereby be achieved, purchases under this act shall be made in accordance with title III of the act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. Where the Chairman finds that the domestic production of any materials is economically feasible he may direct the purchase of such material without requiring the vendor to give bond.

"(b) provide for the storage, security, and maintenance of strategic materials for stockpiling purposes on military and naval reservations or other locations, approved by the Chairman;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this act when he deems such action necessary to convert such materials into a form best suitable for stock piling, and such materials may

be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material;

"(e) dispose of any materials held pursuant to this act which are no longer needed because of any revision of a determination made pursuant to section 3 of this act, as hereinafter provided;

"No such disposition shall be made until 6 months after publication in the Federal Register and transmission to Congress of a notice of the proposed disposition. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war;

"(f) submit to the Congress, not later than 6 months after the approval of this act, and every 6 months thereafter a written report detailing the activities with respect to stock-piling under this act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 4 hereof, and not disposed of pursuant to this act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 4 of this act, materials acquired under this act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the Chairman, every material determined by the President to be strategic pursuant to section 3 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 3 hereof. The Chairman shall exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory; (2) such amount of any material as the Chairman, with the advice of the members of the Board, determines (1) to be necessary to make up any deficiency of the supply of such material

for the current requirements of industry; (ii) are held in lots so small as to make the transfer thereof economically impractical; or (iii) do not meet, or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 3 of this act. The total material transferred to the jurisdiction of the Chairman in accordance with this section during any fiscal year beginning more than 12 months after this act becomes law shall not exceed in value (as determined by the Chairman on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available to the Chairman, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Chairman of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with the Strategic Materials Stock Piling Act, to the stock piles established pursuant to that act."

"(c) Section 22 of the act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided*, That any owning agency as defined in that act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with

the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined by the President pursuant to section 3 of this act to be strategic, or substitutes therefor.

"SEC. 8. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the provisions of this act until expended and (exclusive of sums allocated for the purposes of section 7) shall be expended under the direction of the Chairman.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"SEC. 10. Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 4 of this act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.

"SEC. 11. For the purposes of this act the term 'strategic materials' shall not include petroleum or petroleum products.

"SEC. 12. This act may be cited as the 'Strategic Materials Stock Piling Act.'

With the following committee amendment:

Strike out all after the enacting clause and insert: "That the act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which mate-

rials are strategic and critical under the provisions of this act and to determine, from time to time, the quality and quantities of such materials which shall be stock piled under the provisions of this act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials pursuant to the determinations as provided in section 2 hereof which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed 1 year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservation or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this act, as hereinafter provided;

"No such disposition shall be made until 6 months after publication in the Federal Register and transmission of a notice of the

proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than 6 months after the approval of this act, and every 6 months thereafter a written report detailing the activities with respect to stock-piling under this act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this act, materials acquired under this act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements de-

termined in accordance with section 2 of this act. The total material transferred to the stock piles established by this act in accordance with this section during any fiscal year beginning more than 12 months after this act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that act."

"(e) Section 22 of the act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided*, That any owning agency as defined in that act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling,

trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this act to be strategic and critical or substitutes therefor.

"SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,800,000,000: *Provided*, That not more than the sum set out opposite each of the following fiscal years shall be appropriated for such purposes during such fiscal year:

"Fiscal year 1946-47, \$360,000,000.

"Fiscal year 1947-48, \$360,000,000.

"Fiscal year 1948-49, \$360,000,000.

"Fiscal year 1949-50, \$360,000,000.

"Fiscal year 1950-51, \$360,000,000.

"The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this act shall be deposited to the credit, and be available for expenditure of the purposes, of any appropriation available at the time of such deposit, for carrying out the provisions of sections 1 to 6, inclusive, of this act.

"SEC. 10. This act may be cited as the "Strategic and Critical Materials Stock Piling Act.""

Mr. MARTIN of Iowa. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, at the outset I want to call attention to the fact that his particular bill is the result of about 10 years of study and consideration by Congress and especially by the Military Affairs Committee.

The first stock-piling appropriation of any kind came in 1937 when an item of about \$3,500,000 was included in the naval appropriation bill. But as the chairman of the Military Affairs Committee has stated, the first legislative authorization for stock piling came in 1939. It was a very modest beginning, to the extent of \$100,000,000. However, it was a lifesaver for our Nation just in time to help us at the outset of World War II.

The present authorization is somewhat larger in extent, being in the amount of \$1,800,000,000, spread over a period of 5 years. This amount is the result of study by War and Navy officials, and is not an excessive amount for our national needs.

We have provided in the bill for the acquisition of materials that are now owned by Government agencies, and have spread over 5 years of time the acquisition of additional materials which it is thought by the War and Navy experts are needed to meet any future emergency so that we shall never again,

as a nation, come up to an emergency without some provision for our own national protection.

I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. MARTIN of Iowa. Mr. Speaker, the bill before us for consideration today, S. 752, relates to the acquisition of stocks of strategic and critical materials for national-defense purposes. This is one of the most important measures to come before the Seventy-ninth Congress for consideration. In all of my discussions of national defense during the past 8 years I have listed stock piling of strategic and critical materials as one of the most fundamental factors of an adequate national defense program for our Nation.

The first statutory authority for stock piling was granted in 1937 when the sum of \$3,500,000 was included for the purchase of strategic and critical materials in the 1938 Naval Appropriation Act and \$500,000 was carried in Naval Appropriations in 1939 and 1940.

Early in 1939 a bill, S. 572, of the Seventy-sixth Congress was referred to the Military Affairs Committee of the House, and from that bill we developed and enacted into law Public Law 117 of the Seventy-sixth Congress, which was approved by the President on June 7, 1939. That law authorized the appropriation of \$100,000,000 to be spread over the period June 30, 1939, to June 30, 1943. That was, indeed, a very small beginning and a very tardy beginning for our Nation to overcome a dangerous and costly dependence of the United States upon foreign nations for supplies of strategic and critical materials in times of national emergency. On April 21, 1941, the House adopted a resolution introduced by the gentleman from Georgia [Mr. VINSON], House Resolution 162, Seventy-seventh Congress, authorizing the Committee on Military Affairs and the Committee on Naval Affairs to conduct studies and investigations of the progress of our national defense program. The chairman of the Committee on Military Affairs, the gentleman from Kentucky, Mr. ANDREW J. MAY, appointed three special committees pursuant to that authorization, and Special Committee No. 3 was authorized to deal with materials, procurement, and personnel. Mr. Faddis, of Pennsylvania, was named chairman of Special Committee No. 3, and it was my privilege to serve on that committee. The report we made to Congress on July 21, 1941, deals primarily with the administration of Public Law 117 of the Seventy-sixth Congress, with special reference to the record of purchase, production, and conservation of strategic and critical materials in our national defense program. I will not attempt to analyze or discuss the steps leading to the enactment of Public Law 117 of the Seventy-sixth Congress and the work of the Faddis committee as set out in their report of July 21, 1941, except to tell you that one of the greatest shocks of my life came during the first months of my service in Congress in

1939 when I learned that our Nation had no program for building stock piles of strategic and critical materials to protect our Nation and enable it to carry on its defense operations in event of emergency. The long and slow development of activity in this field following the enactment of Public Law 117 was again very shocking to the members of the Faddis committee during the spring of 1941, when war was flaming throughout the world and our Nation's safety was seriously threatened. This situation so impressed the Faddis committee that we made this statement in our report of July 21, 1941:

Emphasis over the past few years has been made on social reform rather than national security. As a Nation, we seem to have forgotten that without national security social reform might well prove meaningless.

I will not attempt to set out here the analysis and description of strategic and critical materials covered by the bill now before us for consideration, but I will refer you to a public document that will enable those who are desirous of studying this matter fully. It is Senate Document No. 5 of the Seventy-ninth Congress, and it sets out a letter from the Army and Navy Munitions Board which was submitted to Congress pursuant to section 22, subsection D, of the Surplus Property Act of 1944. I believe that this document, together with the special report of the Faddis committee, House Report No. 982 of the Seventy-seventh Congress, and the committee reports submitted during the consideration of Public Law 117, in 1939—Senate Report No. 119, Seventy-sixth Congress, and House Report No. 283, Seventy-sixth Congress—and the committee report before you today—House Report No. 1869, Seventy-ninth Congress—will give you a very complete summary of the problem confronting us today in regard to strategic and critical materials.

Section 8 of the bill before us today authorizes the appropriation of \$1,800,000,000, to be evenly divided over the next five fiscal years. The bill is an amendment to the original Stock Piling Act of June 7, 1939, and all stock piles that have been acquired under that act will be maintained intact. We have amended the Senate bill in a few important particulars which are set out on page 5 of the committee report as follows:

(1) Instead of establishing a new agency to administer the stock-piling program, we have provided for administration by the Secretary of War and the Secretary of the Navy, as in the original 1939 act.

(2) Instead of authorizing appropriations without limit, we have limited the authorization to \$1,800,000,000, with a specific limitation to \$360,000,000 in each of the next five fiscal years.

(3) Instead of requiring that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts, we have provided that any such funds shall remain available for expenditure under the stock-pile program.

(4) We have deleted a section in the Senate bill which would have permitted duty-free importation of materials purchased from foreign sources for stock piling.

The bill, S. 752, in the form it is now presented to you for consideration represents the unanimous thought and

judgment of the Committee on Military Affairs after long and careful study of the extent of our needs for such stock piles both as to materials involved and their acquisition and their storage, security and maintenance.

In closing, I wish to commend the chairman of the Committee on Military Affairs, the gentleman from Kentucky, Hon. ANDREW J. MAY, and the chairman of the subcommittee that had jurisdiction over this bill, the gentleman from North Carolina, Hon. CARL T. DURHAM, and the members of the special committee who have devoted so much time to this legislation. These gentlemen have worked long and hard to build sound and adequate legislation to safeguard our Nation in the matter of strategic and critical materials for any future emergency.

It was my privilege to serve with the gentleman from North Carolina [Mr. DURHAM] also as a member of the Faddis committee in 1941 and it was my privilege also to serve with the gentleman from Kentucky [Mr. MAY] as one of the Committee on Conference between the House and Senate in the development of Public Law No. 117 in 1939. Throughout the past 8 years I have had occasion to observe their patriotic interest and devotion to the cause of building an adequate stock-pile program to meet our Nation's needs in any emergency that may befall us. They are entitled to great credit for the development of the bill presented to you today for your consideration and I am glad, indeed, to have had the opportunity to work with them during the past 8 years and to support this legislation to the utmost of my ability.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Iowa. I yield.

Mr. RICH. Shortly after the last World War the Government had on hand a great stock pile of certain material, and industry is very much in need of it. Is there any possibility that some of these materials might be temporarily loaned or sold or handled in some way that industry could receive it in order that we may be able to keep the wheels turning and have production of necessary commodities today, so that we can furnish equipment and things which the people of this country need? If you did that, then shortly we would be able to gather up and complete the stock pile without hurting our national defense, and still aid industry.

Mr. MARTIN of Iowa. In section 3 of the bill there are provisions for the acquisition and the rotation and keeping alive of Government stock piles. We have placed in that section certain provisions to prevent deflation of the stock piles necessary for national defense once they are acquired. We had to put some safeguard in the bill against putting these materials into the commercial market at the expense of national defense. This total authorization does not intend that the Government shall pile up or accumulate excessive amounts of these particular materials and the stock piles authorized by this bill will not absorb or take over all the existing stock piles of materials now owned by various Government agencies.

Section 6 (a) authorizes the transfer of Government owned stock piles to the stock piles established pursuant to this bill but the section limits the amount of any material so transferred that the total stock pile of that material will not exceed the quantity determined under section 2 of the bill. It also exempts from this transfer such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor.

Section 3 also makes provision for the purchase of strategic and critical materials in addition to those owned by the Government, and the limitation is included in the section that such purchases shall be made, so far as practicable, from supplies of materials in excess of the current industrial demand.

The SPEAKER pro tempore (Mr. MONRONEY). The time of the gentleman from Iowa has expired.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa may proceed for an additional 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RICH. Just one further question, if the gentleman will yield.

Mr. MARTIN of Iowa. I yield.

Mr. RICH. There may be some deterioration of these stock-piled strategic materials due to age. I presume you have given every consideration to seeing that these stock piles are rotated and to prevent deterioration so that we do not stand to suffer a great loss.

Mr. MARTIN of Iowa. Yes; we gave considerable time to the development of that point to insure the rotation and preservation of materials on hand. This provision is set out in section 3 (d) of the bill.

Our whole objective is that of keeping the stock piles available and usable for any national emergency.

Mr. RICH. As I understand, it is the purpose to aid and assist industry in this country and through industry, labor, by making these strategic materials available to keep the wheels of industry turning in an emergency.

Mr. MARTIN of Iowa. We worked on that. It is our hope that the National Defense Agency will cooperate with industry.

Mr. RICH. Hope is not enough. I hope that is in the bill and that we are going to request them to do so.

Mr. MARTIN of Iowa. As set out in the first section of the bill, the very purpose of the bill is to enable industry to produce needed items in a national emergency.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Iowa. I yield.

Mr. BATES of Massachusetts. Does the bill contain any provision to prohibit exportation for sale abroad by any of our industries and holders of these critical materials during this time when we are attempting to build up our own stock piles?

Mr. MARTIN of Iowa. This provides only for the Government stock piles. It is not the purpose of this undertaking to control private industry stock piles.

Mr. BATES of Massachusetts. If, however, we are going to build up Government stock piles, we must buy the materials from private industry. At a time when we are attempting to build up these critical material stock piles are we going to permit our industries or the holders of these critical materials to export them for sale as we did prior to the war when Japan was getting oil, gas, iron, and steel at a time when we needed those things in our own country?

Is there anything in this bill prohibiting that?

Mr. MARTIN of Iowa. That is not in this bill.

Mr. BATES of Massachusetts. It ought to be in the bill.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Iowa. I yield.

Mr. CURTIS. The gentleman has rendered a distinct service to the country in his work on this bill. I want to call attention to subparagraph (b) of section 8 which states:

(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this act to be strategic and critical or substitutes therefor.

Is it the intent of the committee that the synthetic rubber industry may be developed under this language?

Mr. MARTIN of Iowa. That section is in there primarily as the outgrowth of our experience with synthetic rubber and we did not attempt to confine it to synthetic rubber. It is the intent of the committee that synthetic rubber and also any other similar development of agricultural products in the interest of national defense shall be included.

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Iowa. I yield.

Mr. HILL. The gentleman knows that in the territory I have the honor to represent, the State of Colorado, we have considerable mining activity in the Rocky Mountain region. We are far from the Atlantic Ocean and many miles from the Pacific. Will it be the policy under this measure to establish stock piles and buying depots at points near the producing areas in this section of the United States rather than at some distant point to which the producer would find it impossible to ship his minerals?

Mr. MARTIN of Iowa. As a practical matter the committee was of the opinion that stock piling should be carried out as close to the source of the materials as possible and that the material should be rotated and kept as fresh as possible; that the officials charged with responsibility under this bill should do everything to make administration of this act economical, effective, and efficient.

Mr. HILL. The gentleman knows that in the interior of the Rocky Mountains there are some of the materials out of which the atomic bomb has been made,

or that are a real part of the manufacture of that bomb. Will it be the purpose and intent of the persons handling these storehouses to establish them at points close enough to producing areas so that the men who are working those mines will not have to be up against the job of shipping it clear across the Nation when they wish to stock pile some of this material?

Mr. MARTIN of Iowa. It is my understanding that that is the intent of the committee.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. RAYBURN. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I simply have an announcement to make. The President has just telephoned to notify me that he would like to have Congress in session at 4 o'clock tomorrow afternoon.

Mr. MANSFIELD of Montana. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, the debate on this stock-pile measure has indicated to the House the real contribution which the Committee on Military Affairs is making at this time in pushing consideration of this particular bill. It indicates to me also that the Committee on Military Affairs has in mind the defense of this country at all times, and this measure, of course, is very necessary in furtherance of that objective. I urge the House to pass this very necessary measure because it is both timely and essential. We know now that we must be prepared in the accumulation of strategic minerals and the passage of this measure gives us that assurance.

Mr. MURDOCK. Mr. Speaker, I move to strike out the last four words.

Mr. Speaker, when the gentleman from Kentucky was passing out compliments a bit ago during discussion of the rule, I took occasion at that time to say that I remember that for 10 years this type of legislation in various forms has been before the House, as the gentleman from Iowa later indicated. I did not have enough time then to expand on that idea and to give Chairman May and others more credit. I would like to go into it a little further. We had the legislation up in 1937, as I well remember, and we discussed at that time the "buy American" clause.

I feel that not enough has been said about that, for subsequent enactments helped win the war. I want to add my word on that score for the fine work that others besides members of the Military Affairs Committee have done in preparing the Nation for defense during the recent war.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from California.

Mr. JOHNSON of California. I would like to concur in the compliment paid our chairman, and I also want to add for the benefit of westerners especially that we had a statement from Mr. Julian D. Conover, secretary of the American Mining Congress, concurring in the provisions of this bill.

Mr. MURDOCK. I am glad to have that statement of the gentleman. I do

know that the American Mining Congress is back of this bill and approves it. I have taken note of Secretary Conover's statement in the hearings. Other mining men from the West have given me advice and help in connection with this and earlier bills.

Mr. MURDOCK. But let me return to the earlier forms of this bill. This legislation has been under study and under enactment through a period of at least 10 years to my personal knowledge. It is true that, although I am not a member of the House Military Affairs Committee, I first appeared before that committee on the Faddis bill on May 18, 1937, and I recall distinctly that I suggested an amendment to the bill before the committee at that time requesting that the buy American clause be inserted. The original Faddis bill had provided for stock piling of strategic metals and minerals, but had provided for obtaining them from other countries in payment on war debts, which meant of course debts at that time from the First World War. The committee amended that bill, however, in such a way as to give encouragement to domestic production. Perhaps that was not because of my suggestion but I did suggest it.

This comes to my mind with all the more force because at that time we were getting manganese from Brazil, from China, and especially from Russia, and in my statement before the committee in May 1937 I pointed out that Brazil owed us no war debt, China owed us no war debt, and although Imperial Russia did owe us a war debt the succeeding regime in Russia had repudiated such, and of course would never pay it. Accordingly I pointed out the fallacy of expecting to get any manganese from those countries in payment on any war debt in effect at that time. Instead of depending upon foreign supply entirely, I advocated building a stock pile for national defense quickly by getting what was necessary abroad immediately for safety's sake, and then concurrently developing our domestic production with all possible haste.

I remember distinctly that I stated to the committee that day that one of the largest manganese deposits in the Western Hemisphere was at Artillery Peak, in Mohave County, Ariz., and I even estimated that there might be a hundred million tons of manganese of fair quality at that point, only a few miles from the Colorado River, and within not more than 30 miles of a high tension power line running south from Boulder Dam, where a great supply of cheap electric power might be had. At the same time I pointed out the fact that a new process, an electrolytic process, of beneficiating low-grade manganese ore had recently been developed which would make possible the treating of this ore at Artillery Peak in Arizona.

I personally deserve little credit for all of this, but I was following the suggestion of my colleague, Congressman Jim Scrugham, sole Congressman at that time from the State of Nevada, a mining man of wide experience and knowledge and influential on the Appropriations

Committee. Confirming what the gentleman from Iowa said with regard to the first bill of this nature in 1937, I recall that Chairman Scrugham, of the naval appropriation bill, got the first appropriation that year for a beginning stock pile, and I wish to testify further that our deceased colleague continued all the while he was in the House and also after he became a Member of the Senate to strive for bigger and better stock-piling bills. In fact, I attribute much of the success of the stock-piling program, so useful during the war and so significant now, to the efforts of our colleague from Nevada, Jim Scrugham.

In saying this I do not wish to detract from the credit of Chairman May, but if my memory serves me correctly Chairman May voluntarily passed up an opportunity to push a May bill and presented, not his own bill in 1939 but the Scrugham bill which was to the same purpose. The gentleman from Texas [Mr. THOMASON] gave distinct aid. Not to take further time with this, I have a feeling that this measure which we are about to pass today will prove as beneficial and effective toward national defense and security in a period of peace as these various other measures proved during the war. In this age of metals the mining industry is as basic as agriculture, whether in peace or war.

Mr. CAMPBELL. Mr. Speaker, I move to strike out the last five words, and I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CAMPBELL. Mr. Speaker, on May 17, I introduced H. R. 6478, a bill which provides that if two or more persons conspire for the purpose of delaying, obstructing or interfering with the movement of the mails, the transmission of intelligence, passengers, or property in interstate commerce, they shall, upon conviction in a court of competent jurisdiction, be guilty of a felony.

I understand this is, in substance, the same provision which was proposed in 1916 by Chairman Adamson of the Committee on Interstate and Foreign Commerce but was withdrawn at that time due to opposition by the then President, Woodrow Wilson.

There are some laws which now forbid interference with the mails, but there is no law against conspiracy to interfere with the movement of mails, the transmission of intelligence, passengers, or property in interstate commerce.

I am seeking to have this bill brought before the House at the earliest possible moment and sincerely hope that the Members of the House will pass it without delay.

In my opinion it is most urgent.

If there had been such a law enacted and on the statute books, we would not be confronted with the serious situation we have today.

Mr. HARLESS of Arizona. Mr. Speaker, I rise in support of the bill.

Mr. Speaker, I wish to add my words of compliment to the chairman of the Committee on Military Affairs, as well as

the entire membership of that committee, for bringing this bill out at this time. I come from a mining State. I have seen the copper, lead, and zinc mines in the West closed down at a time when they should have been operating to build up supplies for a time of emergency. They were closed because the industrial consumption of this Nation could not absorb the production of those mines during peacetimes.

I think this legislation is not only important as a defense measure but is important as an economic measure which guarantees that a segment of the economy of this country runs smoothly. I trust that the bill will pass this House without a dissenting vote.

(Mr. HARLESS of Arizona asked and was given permission to revise and extend his remarks.)

Mr. PITTINGER. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, I join my colleagues in saying that I think the committee has done a fine piece of work. I just want to point out that 80 percent of the iron ore that was used in the prosecution of World War II, and probably the same amount in World War I, came from the congressional district which I have the honor to represent in the House of Representatives. Iron ore, like some of these other metals that you have been talking about, is strategic war material. This country could not have prosecuted the war for a single minute without the resources that were furnished by the district I represent.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. PITTINGER. I yield to the gentleman from Kentucky.

Mr. MAY. Does not the gentleman think that in the future, in order to be adequately prepared for any war that may occur, that the iron ore of the great Middle West and Northwest requires some high-quality metallurgical coal to make steel with, and things of that kind?

Mr. PITTINGER. I agree with the gentleman from the Big Sandy district that coal is also essential in the prosecution of any war. I want to say, Mr. Speaker, that we are interested in this bill because suggestions have been made that some of the high-grade iron ore that we have should be stock piled, and should be kept available for a war emergency if that should come to pass.

I trust that this bill receives favorable action. I hope that it may be properly administered and that the iron-ore features in any preparation for national defense will not be overlooked. I remember when this subject was first brought up. I remember when we were short on rubber, when we were short on quinine. These may not be minerals, but they were strategic materials. I remember how these folks that knew more than anybody else—and it turned out that they knew nothing at all—missed the boat when we did not accumulate stocks of these materials when the clouds of war were hovering over this country. I hope that we will have more statesmanship and foresight such as the Committee has demonstrated here, and not allow the things that happened in the past, which

make this bill necessary to occur again.

(Mr. PITTINGER asked and was given permission to revise and extend his remarks.)

Mr. GRANGER. Mr. Speaker, I move to strike out the last four words in order to ask a question of the gentleman from Iowa. As strategic material is defined, I suppose the gentleman has accepted the definition of the act of 1939. Has there been anything added or taken from those strategic materials as formerly defined?

Mr. MARTIN of Iowa. We have merely added in the definitions used in this bill the terminology of Senate Document No. 5, which includes not only strategic materials but critical materials.

Mr. GRANGER. I thank the gentleman.

May I say that I come from a district that has next to the largest deposit of iron ore in the whole world, also plenty of coal, a situation that exists at only two other places in the world as far as I know.

I am glad to announce that the War Assets Corporation has now sold the Geneva Steel Plant to the United States Steel Corp., which will utilize many of these strategic and critical materials that will be necessary in the prosecution of any war we might have in the future, and will also develop the West as it has never been developed before.

I also want to join with my colleagues in congratulating the Military Affairs Committee, and especially the subcommittee, who have reported this bill, not only because some of us are vitally interested, in an economic way, in strategic and critical materials, but because I think the committee has recognized and lived up to its responsibility in taking this action that will go a long way, in my opinion, in maintaining the security of our country.

Mr. CASE of South Dakota. Mr. Speaker, I move to strike out the last word.

If I may have the attention of the chairman of the committee for a moment, the gentleman from Kentucky will recall that following the time this bill was referred to his committee I asked him if consideration was being given to the protection of this stock pile when it was once acquired. Some fears had been expressed to me on the ground that this stock pile might be used as a threat to hold over the market for release for commercial advantage. I think the gentleman at that time assured me that the committee planned to take care of that by providing that the stock pile could be disposed of only with the consent of the Congress. Would the chairman care to make a statement on that point?

Mr. MAY. We gave special attention to the particular problem of whether or not these stock piles should be carried to such an extent that they would constitute a threat to private industry in the country on the question of the cost of procuring their own supplies. That is adequately dealt with in certain provisions of the bill.

Mr. MARTIN of Iowa. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Iowa.

Mr. MARTIN of Iowa. I call the gentleman's attention to section 3, subsection (e). The gentleman will find the protection he has in mind outlined very carefully there, primarily through our definition of the word "obsolescence":

For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of deterioration, development or discovery of a new or better material or materials, or no further usefulness for use in time of war.

Mr. CASE of South Dakota. I am glad to have the assurance of both the gentleman from Kentucky and the gentleman from Iowa on the matter. Surely the Congress does not want these stock piles to be acquired in the name of national defense and then to be dumped on the market at the expense of our national economy and national development.

Personally, Mr. Speaker, I believe legislation to create stock piles of strategic minerals is badly needed, and I compliment the committee on pursuing the matter and bringing this legislation to us at this time. Certainly during the war we shot away a lot of our minerals, and it is high time that we give consideration to legislation which will insure an adequate supply of strategic and critical materials to protect the Nation and its interests in time of need.

Mr. JENNINGS. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I join with those who have commended the committee on this far-sighted and very necessary piece of legislation. I do not anticipate any objection to this measure on the part of those who produce strategic materials for the reason that it affords them a market for their material and has been of very material assistance in keeping large numbers of men at work who otherwise might have been out of employment. These materials, unless, as suggested here, they should become obsolescent, are materials that do not deteriorate by stock piling. I think it is the part of wisdom and the very finest exercise of that foresight that should characterize our defense program that this measure has been worked out by this committee and reported to this House. I shall support it.

Mr. CARNAHAN. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I am very much interested in this legislation creating stock piles. I come from the district in the United States which has the greatest deposits of lead. We are quite proud of our mining industry in the Eighth Congressional District of Missouri. I find that during the war the known deposits of ore have been depleted, and our mining industries are faced with the problem of exploring and finding other bodies of ore. I notice a section in the bill, section 7, which says that the Secretary of the Interior, through the Director of the Bureau of Mines and the director of Geological Surveys, is hereby authorized and directed to make scientific, geological, and economic investigations concerning the extent and the mode of occurrence, the development and the preparation, treatment, and utilization of ores and other mineral substances found

in the United States or in its territories or possessions. I am certainly glad that that clause is in the bill. I feel that to build up a stock pile we should keep ahead of the game and ahead of the miners with the deposits of ore. This clause in the bill will mean a great deal to the stock pile and to the district which I have the honor to represent.

I also feel that the stock pile of strategic materials should be used to keep marginal operations going. If these marginal operators are kept as going concerns by making sales of their production to the stock piles, then in case of an emergency it would not be necessary to start from scratch with these industries. Of course, during any prolonged emergency we would perhaps find it necessary to depend on domestic production of strategic materials.

Mr. MAY. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MONROE). The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

JOINT SESSION OF THE HOUSE AND SENATE

Mr. McCORMACK. Mr. Speaker, I offer a resolution, House Concurrent Resolution 153, and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Saturday, the 25th day of May, 1946, at 4 o'clock p. m., for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DECLARATION OF RECESS TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order for the Speaker to declare a recess at any time tomorrow afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GENERAL LEAVE TO REVISE AND EXTEND

Mr. MAY. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. MURDOCK asked and was given permission to revise and extend his remarks.

Mr. MANSFIELD of Montana asked and was given permission to revise and extend his remarks.

Mr. GRANGER asked and was given permission to revise and extend his remarks.

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD and include an editorial from the Tulsa Tribune

Mr. IZAC (at the request of Mr. DOYLE) was given permission to extend his remarks in the RECORD.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WOLFENDEN of Pennsylvania (at the request of Mr. KINZER), for an indefinite period, on account of illness.

EXTENSION OF REMARKS

Mr. HESELTON (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5504. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and

H. J. Res. 273. Joint resolution to provide for the proper observance of the one hundred and fifty-fifth anniversary of the adoption of the first 10 amendments to the Constitution, known as the Bill of Rights.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 4763. An act for the relief of R. L. Benton;

H. R. 5504. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

H. J. Res. 273. Joint resolution to provide for the proper observance of the one hundred and fifty-fifth anniversary of the adoption of the first 10 amendments to the Constitution, known as the Bill of Rights; and

H. J. Res. 353. Joint resolution extending the time for the release of powers of appointment for the purposes of certain provisions of the Internal Revenue Code.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 19 minutes p. m.) the House adjourned until tomorrow, Saturday, May 25, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

(Monday, May 27, 1946)

On Monday, May 27, 1946, Subcommittee No. 4 of the Committee on the Judiciary will start public hearings on the following pending measures with respect to the cessation of hostilities and termination of the war and emergencies: House Concurrent Resolution 85, House Concurrent Resolution 86, House Concurrent Resolution 91, House Concurrent Resolution 98, House Concurrent Resolution 132, House Concurrent Resolution 133, House Joint Resolution 245, House Joint Resolution 272, House Joint Resolution 287.

The hearings will be held in the Judiciary Committee room, 346 House Office Building, beginning at 10 a. m.

(Thursday, June 6, 1946)

On Thursday, June 6, 1946, Subcommittee No. 2 of the Committee on the Judiciary will continue hearings on the bill (H. R. 6301) to supplement existing laws against unlawful restraints and monopolies, and for other purposes. The hearings will begin at 10 a. m. and will be held in the Judiciary Committee room, 346 House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, May 28, 1946)

There will be a meeting of the Public Health Subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m. Tuesday, May 28, 1946.

Business to be considered: Commence public hearings on the bill (H. R. 6448) National Science Foundation Act of 1946, and related pending bills.

COMMITTEE ON PATENTS

(Tuesday, June 4, 1946)

The Committee on Patents will begin hearings Tuesday, June 4, 1946, at 10 a. m., in the Patents Committee room, 416 House Office Building, on the following bills:

H. R. 3964 (HARTLEY): A bill to declare the national policy regarding the test for determining invention.

H. R. 5841 (BOYKIN): A bill fixing the date of the termination of World War II, for special purposes.

H. R. 5940 (LANHAM): A bill to make Government-owned patents freely available for use by citizens of the United States, its Territories and possessions.

These hearings will be continued on succeeding days until concluded or until this notice is superseded.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1329. A letter from the Acting Administrator, War Shipping Administration, transmitting report No. 13 of action taken under section 217 of the Merchant Marine Act, 1936, as amended; to the Committee on the Merchant Marine and Fisheries.

1330. A letter from the Acting Secretary of the Interior, transmitting a draft of a proposed bill for the relief of Milton A. John-

son, and for other purposes; to the Committee on Claims.

1331. A communication from the President of the United States, transmitting a proposed provision pertaining to an existing appropriation of the Veterans' Administration for the fiscal year 1947 (H. Doc. No. 611); to the Committee on Appropriations and ordered to be printed.

1332. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the legislative branch, Government Printing Office (H. Doc. No. 612); to the Committee on Appropriations and ordered to be printed.

1333. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1947 in the amount of \$16,800 for the legislative branch, House of Representatives (H. Doc. No. 609); to the Committee on Appropriations and ordered to be printed.

1334. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1946 in the amount of \$79,661,100 for the Post Office Department (H. Doc. No. 610); to the Committee on Appropriations and ordered to be printed.

1335. A letter from the Secretary of State, transmitting a draft of a proposed bill to provide military assistance to the Republic of the Philippines in establishing and maintaining national security and to form a basis for participation by that Government in such defensive military operations as the future may require; to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 2128. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. SABATH: Committee on Rules. House Resolution 639. Resolution providing for the consideration of S. 524, an act to provide one national cemetery in every State and Territory and such other national cemeteries, and possessions as may be needed for the burial of war veterans; without amendment (Rept. No. 2129). Referred to the House Calendar.

Mr. BATES of Massachusetts: Committee on Naval Affairs. S. 1802. An act to provide for the delivery of custody of certain articles of historic interest from the U. S. S. *Nevada* and the U. S. S. *Wyoming* to the State of Nevada and the State of Wyoming, respectively; without amendment (Rept. No. 2131). Referred to the Committee of the Whole House on the State of the Union.

Mr. HESS: Committee on Naval Affairs. S. 1805. An act to authorize the promotion of personnel of the Navy, Marine Corps, and Coast Guard who were prisoners of war; without amendment (Rept. No. 2132). Referred to the Committee of the Whole House on the State of the Union.

Mr. IZAC: Committee on Naval Affairs. S. 1854. An act to establish the civilian position of academic dean of the Postgraduate School of the Naval Academy and compensation therefor; without amendment (Rept. No. 2133). Referred to the Committee of the Whole House on the State of the Union.

Mrs. SMITH of Maine: Committee on Naval Affairs. S. 1862. An act to repeal section 1548, Revised Statutes (34 U. S. C. 592); without amendment (Rept. No. 2134). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLE of New York: Committee on Naval Affairs. S. 1872. An act to provide for the rank of original appointments in the Corps of Civil Engineers of the United States Navy, and for other purposes; without amendment (Rept. No. 2136). Referred to the Committee of the Whole House on the State of the Union.

Mr. MADDEN: Committee on Naval Affairs. S. 1959. An act to authorize the payment of additional uniform gratuity to Reserve officers commissioned from the status of aviation cadets; without amendment (Rept. No. 2137). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE of Florida: Committee on Naval Affairs. H. R. 4433. A bill to provide for the conveyance to the State of Alabama for use as a public park of the military reservation known as Fort Morgan; with amendment (Rept. No. 2139). Referred to the Committee of the Whole House on the State of the Union.

Mr. SASSCER: Committee on Naval Affairs. H. R. 5640. A bill to reestablish the status of funds of the midshipmen's store, barber shop, cobbler shop, and tailor shop at the United States Naval Academy, and for other purposes; without amendment (Rept. No. 2140). Referred to the Committee of the Whole House on the State of the Union.

Mr. BIEMILLER: Committee on Naval Affairs. House Joint Resolution 347. Joint resolution to correct a technical error in the act approved April 18, 1946 (Public Law 347, 79th Cong., 2d sess.); without amendment (Rept. No. 2141). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON of Georgia: Committee on the Territories. H. R. 6486. A bill to authorize an appropriation for the establishment of a geophysical institute at the University of Alaska; without amendment (Rept. No. 2142). Referred to the Committee of the Whole House on the State of the Union.

Mr. MANASCO: Committee on Expenditures in the Executive Departments. H. R. 5552. A bill relating to the sale by the United States of surplus vessels suitable for tuna fishing; with amendment (Rept. No. 2143). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. MANKIN: Committee on Claims. S. 1286. An act for the relief of Sam Bechtold; without amendment (Rept. No. 2110). Referred to the Committee of the Whole House.

Mr. CASE of New Jersey: Committee on Claims. H. R. 1331. A bill for the relief of the Hatheway Patterson Corp.; with amendment (Rept. No. 2111). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 1614. A bill for the relief of Jennie Olsen Andersen, widow, and Arthur Andrew Andersen, infant son, of Carl Edward Andersen; with amendment (Rept. No. 2112). Referred to the Committee of the Whole House.

Mr. DOYLE: Committee on Claims. H. R. 2287. A bill for the relief of Susan S. Wiseman; with amendment (Rept. No. 2113). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 2772. A bill for the relief of Juan Calcaño; without amendment (Rept. No. 2114). Referred to the Committee of the Whole House.

Mr. DOYLE: Committee on Claims. H. R. 3484. A bill for the relief of the Poultry Producers of Central California; without amendment (Rept. No. 2115). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3672. A bill for the relief of Dimple Benoit; with amendment (Rept. No. 2116). Referred to the Committee of the Whole House.

Mr. DOYLE: Committee on Claims. H. R. 3827. A bill for the relief of Fred W. Grant; with amendment (Rept. No. 2117). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4247. A bill for the relief of Jesús Lassalle; with amendment (Rept. No. 2118). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4357. A bill for the relief of the estate of the late Alberto López Ramos; with amendment (Rept. No. 2119). Referred to the Committee of the Whole House.

Mr. SCRIVNER: Committee on Claims. H. R. 4458. A bill for the relief of Rosella J. Masters; without amendment (Rept. No. 2120). Referred to the Committee of the Whole House.

Mr. COLE of Kansas: Committee on Claims. H. R. 4466. A bill for the relief of Francis T. Lillie and Lois E. Lillie; with amendment (Rept. No. 2121). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 4576. A bill for the relief of Ben W. Schubert; with amendment (Rept. No. 2122). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 4943. A bill for the relief of Fred A. Gottlieb; with amendment (Rept. No. 2123). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 5228. A bill for the relief of Stephen Lisay; with amendment (Rept. No. 2124). Referred to the Committee of the Whole House.

Mrs. MANKIN: Committee on Claims. H. R. 5324. A bill for the relief of Mrs. Mary Francoline and Mrs. Rose Wallace; with amendment (Rept. No. 2125). Referred to the Committee of the Whole House.

Mrs. MANKIN: Committee on Claims. H. R. 5510. A bill for the relief of Newton William Lowery; without amendment (Rept. No. 2126). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 5541. A bill for the relief of F. B. Sweat; without amendment (Rept. No. 2127). Referred to the Committee on Naval Affairs.

Mr. MADDEN: Committee on Naval Affairs. S. 1871. An act to authorize the conveyance of a parcel of land at the naval supply depot, Bayonne, N. J., to the American Radiator & Standard Sanitary Corp.; without amendment (Rept. No. 2135). Referred to the Committee of the Whole House.

Mr. MADDEN: Committee on Naval Affairs. S. 1106. An act for the relief of Malcolm K. Burke; without amendment (Rept. No. 2130). Referred to the Committee of the Whole House.

Mr. IZAC: Committee on Naval Affairs. S. 1978. An act to authorize the restoration of Philip Niekun, Jr., to the active list of the United States Navy with appropriate rank and restoration of pay and allowances; without amendment (Rept. No. 2138). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MANSFIELD of Montana: H. R. 6541. A bill to grant certain servicemen and veterans the benefits of section 251 of the Internal Revenue Code; to the Committee on Ways and Means.



CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued May 28, 1946
For actions of May 27, 1946
79th-2nd, No. 100

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HIGHLIGHTS: Senate agreed to House amendments to administrative-law bill; ready for President. Sen. Hart inserted Conn. Food Administrator's letter to Grain Branch discussing grain shortage as it affects dairy herds and poultry. Sen. Wiley inserted letter from Grain Branch answering questions on wheat supplies and flour production. Sen. Overton announced that hearings on Columbia Valley Authority bill have been indefinitely postponed. Sen. Downey introduced measure to provide for study of Federal pay schedules. Rep. Holifield urged elimination of meat subsidies and controls. Rep. Ellsworth criticized Secretary Anderson's "lack of...initiative" in remedying Pacific Northwest feed shortage.

SENATE

1. ADMINISTRATIVE LAW. Concurred in the House amendments to S. 7, to improve the administration of justice by prescribing fair administrative procedure (pp. 5921-4). This bill will now be sent to the President.
2. STOCKPILING. Sens. Thomas of Utah, Johnson of Colo., Hill, O'Mahoney, Austin, Bridges, and Gurney were appointed conferees on S. 752, to authorize acquisition of stocks of strategic and critical materials for national defense (pp. 5938-9). House conferees have not yet been appointed.
3. PERSONNEL CEILING. Sen. Byrd, Va., inserted "an explanation of the personnel ceiling which was adopted by the conferees" on S. 1415, the Federal pay bill (p. 5932).
4. SURPLUS PROPERTY. Sen. Wiley, Wis., criticized War Assets Administration's handling of surplus property (pp. 5932-3).
5. EMERGENCY LABOR BILL. Debated H. R. 6578, the President's labor bill (pp. 5908-21, 5933-82).
6. GRAIN SHORTAGE. Sen. Hart, Conn., inserted a letter from the Conn. Food Administrator to Director Smith of the Grain Branch discussing the feed shortage as it affects dairy herds and poultry (pp. 5904-5).
Sen. Wiley, Wis., inserted a letter from Director Smith answering various questions regarding wheat supplies and flour production (pp. 5905-6).
7. PRICE CONTROL. Sen. Wiley inserted a statement from the Wis. Implement Dealers' Association criticizing price ceilings on farm machinery (p. 5905).

8. COLUMBIA VALLEY AUTHORITY. Sen. Overton, La., inserted correspondence between himself and Sen. Mitchell, Wash., regarding the holding of hearings on S. 1716, the Columbia Valley Authority bill, and announced that hearings on this bill have been indefinitely postponed (p. 5903).
9. FLOOD CONTROL. Received from the War Department a report on examination of Ouachita River, La., for flood control (S. Doc. 191)(p. 5902).

HOUSE

10. LIVESTOCK AND MEAT. Rep. Holifield, Calif., criticized OPA slaughtering regulations and urged the suspension of meat controls for a period of 4 to 6 months beginning July 1, and the elimination of subsidies on meat if production is not increased (pp. 5881-4).
11. FEED SHORTAGE. Rep. Ellsworth, Oreg., criticized the Secretary and other Government officials for "lack of judgment and lack of initiative to act" in remedying the Pacific Northwest feed shortage (pp. 5892-5).
12. PERSONNEL; RETIREMENT. The Civil Service Committee reported without amendment S. 896, to extend to certain annuitants retired under the Civil Service Retirement Act prior to Jan. 24, 1942, the privilege of having their annuities recomputed under the method contained in the act of Jan. 24, 1942 (H.Rept. 2146) and H.R. 3492, to prohibit withholding or recovery of moneys on account of certification or payment by a former Federal employee unless there is shown to have been fraud on the part of the employee (H.Rept. 2147); and reported with amendment H.R. 4651, to provide annuities for a recovered disability annuitant who through no fault of his own fails to obtain reemployment (H.Rept. 2148)(p. 5899).
13. ST. LAWRENCE WATERWAY. Rep. Pittenger, Minn., urged Congressional action on legislation to authorize this project (pp. 5897-8).
14. PRICE CONTROL. Received New Haven (Conn.) Board of Aldermen and Council of Social Agencies resolutions urging the continuation of price control without crippling amendments (p. 5899).
15. SURPLUS PROPERTY. The Accounts Committee reported without amendment H.Res. 641, providing an additional \$45,000 for the Select Committee to study and investigate the operation of the program for the disposition of surplus property (H. Rept. 2145) (pp. 5875, 5899).

BILLS INTRODUCED

16. PERSONNEL; HOLIDAYS; SALARIES. H.R. 5584, by Rep. Green, Pa., to provide that every Saturday shall be a holiday in D.C. To District of Columbia Committee. (p. 5899)
S. J. Res. 164, by Sen. Downey, Calif., creating a joint congressional committee to conduct a study of Federal salary and wage schedules. To Civil Service Committee. (p. 5902.)

ITEMS IN APPENDIX

17. WHEAT; FOREIGN RELIEF. Extension of remarks of Rep. Pittenger, Minn., criticizing the shipping of wheat to Europe instead of flour as the cause of unemployment in the flour mills (p. A3188).
18. GRAIN EXPORTS. Rep. Fuller, N.Y., inserted a Syracuse (N.Y.) Herald-Journal ar-

We have created in this country a condition in which leaders of either the employers or the employees may wreck the economy. But I do not believe we are going to cure evils by saying, "Whenever these arguments arise, we will put a bayonet back of a man, and he will work at the amount that the Government or the President or his employer tells him, if he is in a vital industry."

I think dignity is almost the finest possession of the human heart. We in America have, as I see it, a great and a splendid body of workmen. During the recent war, with the youngest and most vigorous absent from the factories and the fields, in war goods we outproduced all the dictatorial and other nations of the world. I have had a good deal to do with these laboring men; and, Mr. President, I tell you that they have one horror in their hearts: First and foremost in their minds is a deadly fear that some day they will be drafted into labor battalions or into the Army and forced to work as soldiers.

I have not read my mail today and I have not talked to any labor leaders but I know enough of the American workmen, be he CIO or A. F. of L. or railroad brotherhood or anything else, to know that there is a hate and a bitterness in his heart against labor drafting beyond what I can describe. When we place upon the statute books a law that says that, "Under certain conditions, in these great industries, if you do not do what the President of the United States says, you will be drafted into the Army and made to work as a soldier in a labor battalion," we shall have stricken the American workers to their hearts. The mere passage of this law will, in my opinion, create a wave of controversy and hate from the men in this Nation who do the work, who make our shoes and clothing and bring us our milk and food and transport us and light and heat us.

Mr. President, by methods such as here proposed we could start slow downs and strikes and sabotage in America to an extent that would ruin our economy in 6 months or in a year. I do not believe that the pathway to peace and plenty for us lies along the road of this dictatorial bill by which a man may be shot to death in 24 hours if he does not return to his employment under what he considers unfair conditions.

Mr. President, before I sit down—and I shall do so very soon—I should like to strike a note of optimism and hope in this rather fateful, unhappy day. We are at the end of 150 years of development in America. One hundred and fifty years ago there were only two or three or four million people inhabiting a scanty area along the Atlantic coast. From the Alleghenies westward to the Pacific there was an unbroken wilderness inhabited only by the red men and the wild animals upon which they lived. From the American wilderness by ingenuity and toil and thrift and saving and effort we have made a veritable paradise out of America, whenever we want to properly use it.

Mr. President, if we could only have 2 years of peace and tranquillity, without these bitter, hateful controversies, to get our farms and our machines and our factories and our railroads again in full pro-

duction, at last, for the first time in all history, we could give to every man, woman, and child in the United States a full and decent living, and we could go on from there to build here in the United States a nobler Nation for a nobler people.

But, Mr. President, how are we going to get that 2 years of peace in which to "get back to normalcy," to use that expression? I think one of the things we ought to do, before we ever vote for a bill by which we would tell a man that he might be court-martialed and shot or imprisoned if he did not work against his will, before we go into open dictatorship, would be to see whether by free and open hearings we may do something.

It may be that already today the coal strike is in process of settlement. I have heard that Mr. Krug and Mr. Lewis are very close to a settlement. But if they are not, if they have not reached a settlement, I, for one, before I vote this penalty against coal miners, would like to know something about this dispute. I do not know very much about it. I know that coal miners do probably the most disagreeable and dangerous work in the Nation. I know they live in rather miserable communities. I know they have not had proper medical and dental attention. I know that the amount of money they receive is barely sufficient to keep body and soul together. I should like to know just what all the dispute is about. I should like to know how much profits are being made by the coal mines. I am not saying those profits are exorbitant. I am not saying that men should not make profits. But if the President does not succeed in making a settlement—and I hope he will, and I believe he will—I should like to see whether there is not some way that the leaders in Congress could have some sort of public hearing which might extend over a month; and upon the intercession of Congress, and if Mr. Lewis knew there was to be a full and frank revelation of all the facts, I have no doubt he could be prevailed upon to accept a law by Congress which would continue operations for 30 days under the Smith-Connally Act. Yes; Mr. President, I think many things should be attempted before we force a military dictatorship upon the Nation.

Mr. President, approximately 10 years ago I said that I believed that the coming decades would test the strength of democracy to its enduring limit. I believe that more today than I ever did before. I believe that this is only one of the many crisis which we shall have to confront within the next 5, 10, or 20 years. Mr. President, the coming of atomic energy alone, which will probably be within 10 or 20 years, may rend the fabric of every law and every economy which we now have. There are plenty of pitfalls and difficulties which clearly lie ahead.

Mr. President, while this may not be entirely apropos of the pending question, I should like to say to the Senate, and particularly to the distinguished Senator from Virginia, because he is a member of the Civil Service Committee, that today I am submitting a concurrent resolution to appoint a joint com-

mittee to be composed of members of the Civil Service Committees of the two Houses, to make a study of the Federal pay roll. The Government is the greatest employer of labor in the United States. In the bill which was recently passed by Congress, and in the one which was passed last July, we dealt with many intricate and involved propositions. The very great ability and learning of the distinguished Senator from Virginia was of great help in working out what I considered to be a very fine bill.

On that committee, Mr. President, we would have a well-balanced group of men who differ in their ideologies and social outlooks. I believe that those men, by checking against and working with each other, might work out very useful plans and data, and a program for the solution of the problems in connection with the Federal pay roll.

I have some hope that if we were to undertake that work, Mr. President, by our hearings and investigations we might, perhaps, be able to set a model or an example for the entire Nation. I believe that if there can be a free and candid examination of this question in the Halls of Congress, with a clear understanding that wages must be based upon production, or otherwise inflation may take place, and with a clear realization on the part of the workers that they will have as quick an increase in compensation as possible, I believe that much might be accomplished.

Mr. President, I am unhappy that in opposing this bill I find myself in opposition to my President, and to my beloved and distinguished majority leader whom I am nearly always able to follow. I hope the distinguished majority leader himself may be converted to the belief that section 7 of the bill should be expunged. I understand that another distinguished Senator is prepared to offer an amendment in that connection, and when he does so it will have my fervent support.

Mr. President, in conclusion I assert that I, for one, am not willing to aid in the promotion of a dictatorship. I hope that, as we go forward with our consideration of the pending bill, the Senate, the President, and, our majority leader, may come to an agreement with some of the rest of us that the bill is not a proper and workable one and should be withdrawn.

Mr. WILEY. Mr. President, I wish to ask the majority leader one question, if I may have his attention.

Under consideration today is a bill which has been suggested by the President of the United States. I understand that between 800 and 900 notices of strikes have been served under the law. I also understand that the maritime workers have definitely stated, through their leaders, that they will go on strike within a few days. I have also understood that the purpose of the pending bill is to meet a great national crisis. The question which I wish to propound to the able majority leader is this: Are there other factors or facts involved in the present national crisis of which we should be made aware? Is there something in the picture which we should know about, but which we do not now know?

Mr. BARKLEY. Mr. President, if there is anything in the picture which is not known to the public generally, I am not aware of it. I mean that I have no secret information with respect to any impending matter which is not included in what the Senator has referred to, namely, the issuance of eight or nine hundred notices of strikes which are about to occur, and the maritime strike which is set for the 15th of June. I have no information concerning any set of facts which either the President or any one in his executive family, or any Member of the Senate, including myself, has withheld or is withholding from the Senate or from the public.

Mr. WILEY. Is there anything in the international picture which ties up with the internal picture and makes necessary the proposed legislation?

Mr. BARKLEY. Of course, every Senator as well as every other citizen of the country, might draw his own conclusions as to what may be the effect of the present situation on the international situation. The creation of a crisis within the United States which affects not only the welfare, health, and life of the people, but also the power and authority of our own Government to deal with it, would undoubtedly have an effect on the international situation. It would undoubtedly create the impression on the part of other nations that if we cannot act adequately to deal with an internal situation which challenges our Government, we might not be able to deal adequately with an international situation which challenged the authority of our Government. That does not resolve itself around any particular domestic incident or episode. But certainly, if other nations should feel that the United States was without authority or power to deal with its own domestic problems, they would naturally question its power to deal in a broader field.

Mr. WILEY. Then, it is the judgment of the majority leader that by the proposed legislation we are to give to the President discretionary and exceptional power in order that he may meet the present grave emergency. The proposal does not necessarily mean that the President will exercise such power, but that he may exercise it if, in his judgment, he deems it necessary to do so.

Mr. BARKLEY. Precisely.

ACQUISITION OF STOCKS OF STRATEGIC AND CRITICAL MATERIALS

The PRESIDING OFFICER (Mr. GEORGE in the chair) laid before the Senate the amendment of the House of Representatives to (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, which was to strike out all after the enacting clause and insert:

That the act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this act to provide

for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this act and to determine, from time to time, the quality and quantities of such materials which shall be stock piled under the provisions of this act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"Sec. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials pursuant to the determinations as provided in section 2 hereof which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed 1 year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a

part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this act which are no longer needed because of any revised determination made pursuant to section 2 of this act, as hereinafter provided;

"No such disposition shall be made until 6 months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"Sec. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than 6 months after the approval of this act, and every 6 months thereafter a written report detailing the activities with respect to stock piling under this act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"Sec. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this act, materials acquired under this act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"Sec. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such

material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this act. The total material transferred to the stock piles established by this act in accordance with this section during any fiscal year beginning more than 12 months after this act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that act."

"(e) Section 22 of the act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"Provided, That any owning agency as defined in that act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular

possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this act to be strategic and critical or substitutes therefor.

"SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,800,000,000: *Provided*, That not more than the sum set out opposite each of the following fiscal years shall be appropriated for such purposes during such fiscal year:

"Fiscal year 1946-47, \$360,000,000.

"Fiscal year 1947-48, \$360,000,000.

"Fiscal year 1948-49, \$360,000,000.

"Fiscal year 1949-50, \$360,000,000.

"Fiscal year 1950-51, \$360,000,000.

"The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this act shall be deposited to the credit, and be available for expenditure for the purposes, of any appropriation available at the time of such deposit, for carrying out the provisions of sections 1 to 6, inclusive, of this act."

"SEC. 10. This act may be cited as the 'Strategic and Critical Materials Stock Piling Act'."

Mr. THOMAS of Utah. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. THOMAS of Utah, Mr. JOHNSON of Colorado, Mr. HILL, Mr. O'MAHONEY, Mr. AUSTIN, Mr. BRIDGES, and Mr. GURNEY conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 704) to authorize the Secretary of Agriculture to continue administration of and ultimately liquidate Fed-

eral rural rehabilitation projects, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FLANNAGAN, Mr. COOLEY, Mr. PACE, Mr. HOPE, and Mr. KINZER, were appointed managers on the part of the House at the conference.

SETTLEMENT OF INDUSTRIAL DISPUTES AFFECTING THE NATIONAL ECONOMY

The Senate resumed consideration of the bill (H. R. 6578) to provide on a temporary basis during the present period of emergency, for the prompt settlement of industrial disputes vitally affecting the national economy in the transition from war to peace.

Mr. MILLIKIN obtained the floor.

Mr. BYRD. Will the Senator yield to me to suggest the absence of a quorum?

Mr. MILLIKIN. I yield.

Mr. BYRD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hawkes	Pepper
Andrews	Hayden	Radcliffe
Austin	Hickenlooper	Reed
Ball	Hill	Revercomb
Barkley	Hoey	Robertson
Brewster	Huffman	Russell
Bridges	Johnson, Colo.	Saltonstall
Briggs	Johnston, S. C.	Shipstead
Brooks	Knowland	Smith
Bushfield	La Follette	Stanfill
Byrd	Langer	Stewart
Capehart	Lucas	Taft
Capper	McCarran	Taylor
Connally	McClellan	Thomas, Okla.
Cordon	McFarland	Thomas, Utah
Donnell	McMahon	Tobey
Downey	Magnuson	Tunnell
Eastland	Mead	Tydings
Ellender	Millikin	Vandenberg
Ferguson	Mitchell	Wagner
Fulbright	Moore	Walsh
George	Morse	Wheeler
Gerry	Murdock	Wherry
Green	Murray	White
Guffey	Myers	Wiley
Gurney	O'Daniel	Wilson
Hart	O'Mahoney	Young
Hatch	Overton	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. MILLIKIN. I respectfully affirm that the proposed legislation is an ill-considered, hasty product of hysteria, is an affront to our veterans, is violative of human dignity, human decency, and fair play, is lacking in candor, is arbitrary, capricious, and brutal, is unconstitutional, and in its present form should not be enacted into law.

Mr. President, I ask unanimous consent that the bill be printed in full at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 6578) to provide on a temporary basis during the present period of emergency for the prompt settlement of industrial disputes vitally affecting the national economy in the transition from war to peace, was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That it is the policy of the United States that labor disputes interrupting or threatening to interrupt the op-

erations of industries essential to the maintenance of the national economic structure and to the effective transition from war to peace, should be promptly and fairly mediated, and brought to a conclusion which will be just to the parties and protect the public interest.

SEC. 2. Whenever the United States has taken possession, under the provisions of section 9 of the Selective Training and Service Act of 1940, as amended, or the provisions of any other applicable law, of any plants, mines, or facilities constituting a vital or substantial part of an essential industry, and in the event further that a strike, lock-out, slow-down, or other interruption occurs or continues therein after seizures, then, if the President determines that the continued operation of any such plant, mine, or facility is vitally necessary to the maintenance of the national economy, the President may by proclamation declare the existence of a national emergency relative to the interruption operations.

SEC. 3. The President shall in any such proclamation (1) state a time not less than 48 hours after the signature thereof at which such proclamation shall take final effect; (2) call upon all employees and all officers and executives of the employer to return to their posts of duty on or before the finally effective date of the proclamation; (3) call upon all representatives of the employer and the employees to take affirmative action prior to the finally effective date of the proclamation to recall the employees and all officers and executives of the employer to their posts of duty and to use their best efforts to restore full operation of the premises as quickly as may be; and (4) establish fair and just wages and other terms and conditions of employment in the affected plants, mines, or facilities which shall be in effect during the period of Government possession, subject to modification thereof, with the approval of the President, pursuant to the applicable provisions of law, including section 5 of the War Labor Disputes Act, or pursuant to the findings of any panel or commission specially appointed for the purpose by the President.

SEC. 4. (a) On and after the initial issuance of the proclamation, it shall be the obligation of the officers of the employer conducting or permitting such lock-out or interruption, the officers of the labor organization conducting or permitting such strike, slow-down, or interruption, and of any person participating in the calling of such strike, lock-out, slow-down, or interruption to take appropriate affirmative action to rescind or terminate such strike, lock-out, slow-down, or interruption.

(b) On and after the finally effective date of any such proclamation, continuation of a strike, lock-out, slow-down, or any other interruption at any such plant, mine, or facility shall be unlawful.

(c) On and after the finally effective date of the proclamation, any person wilfully violating the provisions of subsection (a) of this section shall be subject to a fine of not more than \$5,000 or to imprisonment for not more than 1 year, or both.

SEC. 5. The Attorney General may petition any district court of the United States, in any State or in the District of Columbia, or the United States court of any Territory or possession, within the jurisdiction of which any party defendant to the proceeding resides, transacts business, or is found, for injunctive relief, and for appropriate temporary relief or restraining order, to secure compliance with section 4 hereof or with section 6 of the War Labor Disputes Act. Upon the filing of such petition, the court shall have all the power and jurisdiction of a court of equity, and such power and jurisdiction shall not be limited by the act entitled "An act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes," approved

March 23, 1932. Notice or process of the court under this section may be served in any judicial district, either personally or by leaving a copy thereof at the residence or principal office or place of business of the person to be served. Petitions filed hereunder shall be heard with all possible expedition. The judgment and decree of the court shall be subject to review by the appropriate circuit court of appeals (including the United States Court of Appeals for the District of Columbia) and by the Supreme Court of the United States upon writ of certiorari.

SEC. 6. Any affected employee who fails to return to work on or before the finally effective date of the proclamation (unless excused by the President), or who after such date engaged in any strike, slow-down, or other concerted interruption of operations while such plants, mines, or facilities are in the possession of the United States, shall be deemed to have voluntarily terminated his employment in the operation thereof, shall not be regarded as an employee of the owners or operators thereof for the purposes of the National Labor Relations Act or the Railway Labor Act, as amended, unless he is subsequently reemployed by such owners or operators, and if he is so reemployed shall be deemed a new employee for purposes of seniority rights.

SEC. 7. The President may, in his proclamation issued under section 2 hereof, or in a subsequent proclamation, provide that any person subject thereto who has failed or refused, without the permission of the President, to return to work within 24 hours after the finally effective date of his proclamation issued under section 2 hereof, shall be inducted into, and shall serve in, the Army of the United States at such time, in such manner (with or without an oath), and on such terms and conditions as may be prescribed by the President, as being necessary in his judgment to provide for the emergency. The foregoing provisions shall apply to any person who was employed in the affected plants, mines, or facilities at the date the United States took possession thereof, including officers and executives of the employer, and shall further apply to officials of the labor organizations representing the employees. Provisions of law which are applicable with respect to persons serving in the armed forces of the United States, or which are applicable to persons by reason of the service of themselves or other persons in the armed forces of the United States, shall be applicable to persons inducted under this section only to such extent as may from time to time be prescribed by the President.

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEC. 9. In fixing just compensation to the owners of properties of which possession has been taken by the United States under the provisions of section 9 of the Selective Training and Service Act of 1940, as amended, or any other similar provision of law, due consideration shall be given to the fact that the United States took possession of such properties when their operations had been interrupted by a work stoppage, and to the value the use of such properties would have had to their owners during the period they were in the possession of the United States in the light of the labor dispute prevailing. It is hereby declared to be the policy of the Congress that neither employers nor employees profit by such operation of any business enterprise by the United States and (to that end, if any net profit accrues by reason of such operation after all the ordinary and necessary business expenses and payment of just compensation, such net profit shall be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 10. The provisions of this act shall cease to be effective 6 months after the cessation of hostilities, as proclaimed by the President, or upon the date (prior to the date of

such proclamation) of the passage of a concurrent resolution of the two Houses of Congress stating that such provisions shall cease to be effective, or on June 30, 1947, whichever first occurs.

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

Mr. MILLIKIN. Mr. President, the plan of the bill is to keep men at work, on the theory that one cannot strike against the Government, and therefore it would make public employees out of private employees, public operators out of private operators, would make criminal by antecedent proclamation that which has been lawful, and would punish the crimes thus created by fine, imprisonment, injunction, loss of seniority, and involuntary servitude.

There are many defects in the bill. We notice at once the absence of decontrol standards. This defect is heightened by the fact that control under section 10 can continue until 6 months after the cessation of hostilities as proclaimed by the President. When is that going to be? How many years must a man work in the Army against his will for the offense of not working against his will?

The Allies are unable to agree among themselves, and hence they cannot make peace treaties with our enemies to end the war. The bill fails to provide that decontrol of seized mines, plants, and facilities may also be established by a resolution of Congress.

Through the bill Congress is called upon to abdicate many of its normal functions. It has no control, no check, over the startling remedies which are proposed.

The President alone proclaims the emergency. He alone determines the plants, mines, or facilities which constitute a vital or substantial part of an essential industry necessary to the maintenance of the national economy.

Mr. SMITH. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. Gladly.

Mr. SMITH. In section 10 of the bill we find the language:

The provisions of this act shall cease to be effective—

On the date when the war ends, as the Senator suggested, or, as it appears at the end of the section—
or on June 30, 1947, whichever first occurs.

Mr. MILLIKIN. Yes.

Mr. SMITH. That final date is provided in the act.

Mr. MILLIKIN. It was not provided in the bill as introduced. It appears in the bill as a proposed committee amendment. I think it would be wise to adopt that amendment in the absence of a more definite limitation.

The President alone proclaims the emergency. He alone determines when to induct recalcitrant workers into the Army, and the terms and conditions of such induction.

Under section 3 the President while operating private property which has been seized, takes it upon himself to adjudicate the unresolved disputes between the private operators and the private em-

13. RECESSED until Mon., June 3 (p. 6225).

HOUSE - May 31

14. STRATEGIC MATERIALS. Reps. May, Thomason, Brooks, Andrews, N. Y., and Short were appointed conferees on S. 752, to authorize acquisition of stocks of strategic materials for national defense (p. 6069). Senate conferees were appointed May 27.
15. RECLAMATION. Passed without amendment H. R. 5674, to amend the laws authorizing the performance of necessary protection work between the Yuma Project and Boulder Dam by the Bureau of Reclamation (pp. 6093-4).
16. ALASKA HIGHWAY. Began debate on H. R. 2871, to create an Alaskan International Highway Commission (pp. 6076, 6080-32).
17. PUBLIC LANDS. The Public Lands Committee reported without amendment H. R. 5840, to authorize the exchange of 144 acres of national forest land in Eagle County, Colo. (H. Rept. 2193) (p. 6102).
The Public Lands Committee reported without amendment S. 1273, to provide for the acquisition by exchange of non-Federal property within areas of the Glacier National Park (H. Rept. 2191) (p. 6102).
18. GRAIN. Received an International Union of United Brewery, Flour, Cereal, and Soft Drink Workers of America petition protesting present and future restrictions on the quantity of grains available for the manufacture of beer (p. 6103).
19. HOUSING; LUMBER. Rep. Sabath, Ill., urged Government action to stop the black market in lumber and commended Housing Expediter Wyatt for his efforts (p. 6073).
20. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the program for this week as follows: Mon., Consent and Private Calendars and rivers and harbors omnibus bill; Tues., rivers and harbors omnibus bill; Wed., Calendar Wednesday; and Thurs. and Fri., H. R. 5857, to provide for the collection and publication of statistical information by the Census Bureau, and H. R. 4051, to provide terminal-leave pay for enlisted men (p. 6080).
21. FLOOD CONTROL. H.R. 6597 as reported (see Digest 102), the 1946 flood-control bill, authorizes the War Department to carry out various flood control projects previously recommended by the Chief of Engineers; authorizes the War Department to make preliminary examinations and surveys for flood control and this Department to make preliminary examinations and surveys for run-off and waterflow retardation and soil erosion prevention of various streams and projects; authorizes the use of not to exceed \$2,000,000 of the flood-control funds for rescue and repair work on any flood-control work threatened or destroyed by flood; authorizes \$750,000,000 for improvements by the War Department and \$10,000,000 for the War Department and this Department to carry out examinations or surveys authorized by this bill or by other Acts of Congress; amends the Flood Control Act of 1944 to authorize the Secretary to include and prosecute work for the stabilization of stream banks on the Buffalo Creek watershed; authorizes the reappropriation of \$5,000,000 authorized in the Flood Control Act of 1941 and authorizes \$20,000,000 additional for the improvement of works authorized for this Department in the Flood Control Act of 1944; authorizes an appropriation of \$150,000,000 for the initial stage of the comprehensive plan for continuing the works in the Missouri River Basin to be undertaken by the Interior Department.

- ment; makes the provisions of sec. 3 of the Flood Control Act of 1938 regarding the evacuation of an area applicable to projects authorized in this bill; makes the provisions of sec. 1 of the Flood Control Act of 1944 regarding the interests and rights of the States in determining the development of watersheds within their borders applicable to projects authorized in this bill; amends sec. 4 of the Flood Control Act of 1944 regarding recreational areas to provide that leases to nonprofit organizations may be granted at reduced or nominal rentals.
22. RECONVERSION. Received from the President an appropriation estimate of \$900,000 for the OWMR (H. Doc. 620, May 28).
23. PRICE CONTROL. The release of May 29 (see Digest 102) by the Republican Congressional Food Study Committee on food price increases states that a survey in D.C. of 73 items shows an increase from \$10.94 in 1939 to \$18.06 (and possibly \$26.20) in 1946, an increase of 140 percent in Class 1 stores and 60 percent at cheapest available prices; and lists 1939 and 1946 prices on meats, poultry, fruits, vegetables, and coffee.
24. FERTILIZERS. The release of May 30 (see Digest 102) by the Republican Congressional Food Study Committee states that food-producing States are unable to obtain needed fertilizers while Government fertilizer plants with a 2,500-ton capacity of nitrates per day stand idle; that three cotton and tobacco States will receive in 1946 more fertilizer than 25 food-producing States; that this Department indicates that, although enforced allocations on a State-by-State basis have been discontinued, allocations will be continued on a "voluntary" basis; and that in spite of the urgent wartime food-production needs there has been a 20% increase in the use of fertilizers by three southeastern States, 60% of the total crop value of those States being cotton and tobacco.
25. PERSONNEL; CLAIMS. H.R. 6532 as reported (see Digest 102) permits Department and Agency heads to designate disbursing officers to make payments of claims directly to Government employees and former employees for the difference between amounts for overtime, leave, and holiday compensation computed at day rates and overtime, leave, and holiday compensation computed at night rates pursuant to Comptroller General decisions. This bill applies only to those employees in the several trades and occupations whose compensation is fixed by wage boards or other wage-fixing authorities and who receive a differential for work performed at night.
26. ADJOURNED until Mon., June 3 (p. 6102).
- BILLS INTRODUCED - May 31
27. BUILDINGS AND GROUNDS. H.R. 6627, by Rep. Bloon, N.Y., for the acquisition of buildings and grounds in foreign countries for the use of the U.S. Government. To Foreign Affairs Committee. (p. 6103.)
28. NATIONAL FORESTS. H.R. 6630, by Rep. Pittenger, Minn., to safeguard and consolidate certain areas of exceptional public interest within the Superior National Forest, Minn. To Agriculture Committee. (p. 6103.)
29. RECLAMATION. H.R. 6635, by Rep. Harless, Ariz., to amend the laws authorizing the performance of necessary protection work between the Yuma project and Boulder Dam by the Bureau of Reclamation. To Rivers and Harbors Committee. (p. 6103.)
30. RIVERS AND HARBORS. S. 2276, by Sen. Hill, Ala., authorizing the construction

repair, and preservation of certain public works on rivers and harbors. To Commerce Committee. (p. 6108.)

BILLS INTRODUCED - June 1

31. FARM LOANS. S. 2280, by Sen. Johnston, S.C., to amend the Federal Farm Mortgage Corporation Act to provide a secondary market for farm loans made under the Servicemen's Readjustment Act. To Banking and Currency Committee. Remarks of author. (pp. 6188-9).
32. NATIONAL FORESTS. S. 2282, by Sen. Shipstead, Minn., to safeguard and consolidate certain areas of exceptional public interest within the Superior National Forest, Minn. To Public Lands and Surveys Committee. (p. 6188.)
33. PRICE CONTROL. H.R. 6608 (see Digest 102), to abolish the OPA and transfer certain of its functions to the Secretary of Agriculture and the National Housing Administrator, is identical to S. 2215, a summary of which appears in Digest 94.

ITEMS IN APPENDIX - May 31

34. FEED AND SEED LOANS. Extension of remarks of Rep. Lenke, N.Dak., criticizing collection by FCA of old feed and seed loans and including sundry letters on the subject (pp. A3245-6).
35. FOOD DISTRIBUTION. Rep. Ellsworth, Oreg., inserted the letter of the Republican Congressional Food Study Committee to the Secretary requesting a published list of allocations on world-wide distribution of American food (pp. A3270-1).
36. DAIRY PRODUCTS. Extension of remarks of Rep. Hull, Wis., criticizing this Department's and OPA's regulations as a cause of the dairy-industry situation in Wis., and including newspaper articles on the effect of such regulations on small businessmen (pp. A3271-4).
37. PRICE CONTROL. Rep. Reed, N.Y., inserted Samuel Crowther's article criticizing price controls as a cause of clothing and other shortages (p. A3257), and his article, "Harbinger of Hunger," which Rep. Reed says is a "disclosure of the OPA as a partner of the black market" (pp. A3258-9).
38. EXPENDITURES; HOUSING. Extension of remarks of Rep. Jensen, Iowa, criticizing the increase in floor space occupied by the Federal Government and suggesting use of some of it for veterans' housing (p. A3246).
39. REORGANIZATION. Extension of remarks of Rep. Pittenger, Minn., stating that hearings on Reorganization Plans 1, 2, and 3 will begin Tues., June 4, and urging careful consideration before adoption of these plans (p. A3254).
40. GRAIN SHORTAGE. Rep. Cole, Mo., inserted an International Union of United Brewery, Flour, Cereal, and Soft Drink Workers resolution opposing the 30-percent reduction in grains for brewing purposes (p. A3230).
41. FOREIGN RELIEF. Rep. Luce, Conn., inserted two editorials commending Herbert Hoover's attempt to feed the starving children of the world (pp. A3283-4).
42. STRATEGIC MATERIALS. Extension of remarks of Rep. Durham, N.C., favoring S. 752, to authorize acquisitions of stocks of strategic and critical materials for national defense (pp. A3255-6).

ITEMS IN APPENDIX - June 1

43. PERSONNEL; LABOR UNIONS. Sen. Cordon, Oreg., inserted an Oregonian editorial on the right of Federal employees to strike against the Government (p. A3289).
44. COOPERATIVES. Sen. Capper, Kans., inserted Grey Dresie's (Kans. Independent Businessmen's Assn.) speech, "The Independent Businessmen Look at Cooperatives" (pp. A3286-7).

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COMMITTEE-HEARINGS ANNOUNCEMENTS for June 3: S. Small Business, food situation (Anderson); S. Special Defense, naval food supply; H. Appropriations, deficiency (ex.); H. Banking and Currency, British loan.

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For supplemental information and copies of legislative material referred to, call Ext. 4654, or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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Vol. 92

WASHINGTON, FRIDAY, MAY 31, 1946

No. 103

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we pause in Thy presence with grateful testimony for Thy loving providence, which is a river of blessing flowing from Thy throne. We beseech Thee to let this stream of cleansing enlighten and idealize our national life. Do Thou appeal to that instinct of recovery, to that temper of hope which Thou hast established in the human breast. Blessed Lord, may these days of memory be days of reconsecration to our Republic, drawing every section of our land toward a more complete knowledge of righteousness and brotherhood. Graciously be with our President and with every citizen of every station. May our institutions not fail through our misuse of them and because of our sins against God and man. O do Thou lift our people to that high plane of purer air where peace and tranquillity dwell, and where fret and fever pass away. For whatever awaits us we would rest in Thy hands; and praise and glory be unto Thee forever. In our Saviour's name. Amen.

THE JOURNAL

The Journal of the proceedings of Wednesday, May 29, 1946, was read and approved.

RESIGNATION

The SPEAKER laid before the House the following communication:

MAY 31, 1946.

HON. SAM RAYBURN,

*Speaker of the House of Representatives,
Washington, D. C.*

DEAR MR. SPEAKER: I beg leave to inform you that I have this day transmitted to the Governor of Virginia my resignation as a Representative in Congress of the United States from the Fifth District of Virginia, to become effective as of this date.

Sincerely yours,

T. G. BURCH.

ELMER D. THOMPSON

Mr. McGEHEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3543) for the relief of Elmer D. Thompson, with

Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. McGEHEE, Mr. COMES, and Mr. PITTENGER.

SPECIAL ORDER GRANTED

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

NATIONAL DEFENSE

Mr. MAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, agree to the conference requested by the Senate and ask for the appointment of conferees on the part of the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. MAY, Mr. THOMASON, Mr. BROOKS, Mr. ANDREWS of New York, and Mr. SHORT.

EXTENSION OF REMARKS

Mr. BLAND asked and was given permission to extend his remarks in the RECORD in two instances; to include in one a tribute on the life and character of the late Senator from Virginia, Hon. Carter Glass, and include an editorial, and in the other an address delivered by Hon. HENRY M. JACKSON at the Propeller Club in Washington.

Mr. LUTHER A. JOHNSON asked and was given permission to extend his remarks in the RECORD in two instances; to include in one a brief editorial and

in the other an article by Dr. Emerson Fosdick.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD in two instances and include articles in each.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Portland Oregonian.

Mr. GROSS asked and was given permission to extend his remarks in the RECORD and include a copy of the Memorial Day address delivered by ex-Governor Bricker.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

HOUSING SHORTAGE

Mr. MARTIN of Massachusetts. Mr. Speaker, while Congress was considering the housing bill, there was a great deal of hysteria and loose talk. There were frequent charges that the building program was being delayed. What are the facts as of today?

Housing Expediter Wilson Wyatt has announced the goal of his efforts for 1946 is 700,000 conventional type dwelling units. The Bureau of Labor Statistics says that in the first 3 months of this year, 171,000 building permits were issued for conventional type dwelling units and that about 150,000 units were actually under construction. The Bureau also estimates that in the month of April, 65,000 units were started.

These figures clearly show private industry on its own resources will build more units than the Expediter expected to obtain. Give the American people half a chance, and they will take care of the housing shortage, with the same energy and the same speed they showed in supplying the enormous demands of the war effort.

These figures further show the Expediter, with his subsidies and his expensive

organization, must lift his goal. Surely it is reasonable to expect now more than what the people were doing themselves without assistance.

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MEMORIAL DAY

Mr. GROSS. Mr. Speaker, I wish to call to the attention of the House that there is at least one community in the United States where the old patriotic spirit is still alive. In Gettysburg, Pa., yesterday, 10,000 people gathered in the town to do honor to our heroic dead. Twenty-five hundred children strewed flowers over the national cemetery. The great throng was addressed by former Governor Bricker of Ohio. People had come from far and near; more than a dozen Members of Congress and their families motored from the Nation's Capital as well as 11 page boys representing as many States had a thrilling and enjoyable day. Mr. Bricker was introduced as a great American—a proven statesman. His address follows:

EXTENSION OF REMARKS

Mr. COLE of Missouri asked and was given permission to extend his remarks in the RECORD and include a petition received from Locals 116 and 93 of the International Union of United Brewery, Flour, Cereal, and Soft Drink Workers of America.

Mr. MUNDT asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. SHAFER asked and was given permission to extend his remarks in the RECORD in three instances and to include in two editorials and newspaper articles.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include an article by Mark Sullivan.

Mr. LECOMPTE asked and was given permission to extend his remarks in the RECORD and include a set of resolutions adopted by the United Brotherhood of Carpenters and Joiners, Local No. 767, of Ottumwa, Iowa.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD and include a letter from the Commissioner of Agriculture and Labor of North Dakota, and excerpts from other letters.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address on the subject of Hungary. I am informed by the Public Printer that this will take two and one-quarter pages of the RECORD and will cost \$135, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

OFFICE OF PRICE ADMINISTRATION

Mr. PHILLIPS. Mr. Speaker, I rise today to ask a question. I ask it of the majority leader, Mr. McCORMACK, or of any representative of the Committee on Banking and Currency, especially on the majority side, or any member of the Committee on Appropriations who may be present.

Yesterday I was going down Pennsylvania Avenue in a car and I saw overhead one of these smoke-writing airplanes which, as I saw it, had written only the word "Save." I presumed, of course, it was going to suggest that we save fats or save food, but I am told it wrote, "Save price control." My question is, Was that paid for by the taxpayers' money or was it paid for by some private fund, and if so, what fund; and what does one have to do in order to secure permission to have sky-writing support of the OPA during a time when the Congress of the United States is considering the bill?

PERMISSION TO ADDRESS THE HOUSE

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include some supplemental data.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

GEN. DRAZA MIHAIOVICH

Mr. MUNDT. Mr. Speaker, the morning paper reports that a voluntary military commission of American soldiers who had served with General Mihailovich in Yugoslavia had met in New York and had given Mihailovich a clean bill of health, urging the United States to intervene, if possible, to be sure that he gets a fair trial in Yugoslavia. In that connection I want to read briefly from a rather detailed and voluminous report that our subcommittee of the Foreign Affairs Committee, which visited eastern Europe last fall, has just completed and which we hope to release to Congress and to the public sometime next week. We said in our report, and I quote from the galley proof sheets:

Our committee was presented with considerable conflicting evidence in Yugoslavia concerning the merits or demerits of Gen. Draza Mihailovich. This one-time hero of Yugoslavia, the leader of its highly publicized Chetniks, is considered a traitor and an enemy by the Tito regime, but many of the people of the country see in him their liberator from the ruthless Tito-Subasic regime, and continue to look upon him as one of the great heroes of Yugoslavia.

Our committee ventures no opinion as to which group is right, but does recommend, however, that our Government exercise its full appropriate energies in insisting that General Mihailovich be given a trial before the International Tribunal on War Crimes, that he be judged by an impartial jury in

an even-tempered environment before which Tito's government and Mihailovich's defenders should be given a full and complete opportunity to present the full facts of both sides of the case.

Mr. Speaker, I urge that our State Department renew its efforts on this matter without delay.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the remarks just made by our friend are very constructive and very appropriate. It is repulsive to all of us to see an unfair trial being conducted anywhere. I am not passing an opinion, but certainly my tentative opinion is directly along the lines expressed by the gentleman. I can assure him from personal inquiry that our Government has been doing everything it possibly can and has asked that American witnesses be permitted to testify, but has been met with non-response and noncooperation. As far as I can ascertain, our Government is doing everything it can. I reiterate that I agree with everything the gentleman said, and consider his utterances very constructive.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include an address delivered by Rev. J. Hugh O'Donnell, president of the University of Notre Dame.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

THIS IS OUR COUNTRY

Mr. GRANT of Indiana. Mr. Speaker, the ugly head of communism rises in America. The danger to America is real; it is imminent.

On March 22, 1946, the Reverend J. Hugh O'Donnell, president, University of Notre Dame, made an address to a general convocation of students in the Navy Drill Hall on the Notre Dame campus.

It is the frankest and most forceful statement on communism and its immediate threat to our American way of life that has been spoken. In the words of Father O'Donnell, "The philosophy of anti-God is the enemy from within." He calls for action, for a militant offensive against these astute, tough-minded propagandists who spread a pagan philosophy that is gnawing away at the family, the home, the church, and our country itself.

Father O'Donnell's address follows in full:

THIS IS OUR COUNTRY

(By Rev. J. Hugh O'Donnell, CSC, president of the University of Notre Dame)

As many of you know, and as the new students will soon learn, Notre Dame is a firm believer in tradition, and it is traditional for the president of the university to address the student body at least once a year. But I have something more than tradition in mind this morning. First of all, to the old

will have no difficulty in securing all of the men needed to fulfill our commitments, protect the American interest, and preserve the future liberty of the country."

The next move is up to the Department of War.

The Stock-Piling Bill

EXTENSION OF REMARKS

OF

HON. CARL T. DURHAM

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 24, 1946

Mr. DURHAM. Mr. Speaker, in presenting S. 752, the stock-piling bill, which is in the nature of an amendment to our Strategic and Critical Materials Stock-Piling Act of June 7, 1939, I cannot better describe its purpose than to quote to you the preamble of this valuable and far-sighted measure:

That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

During the course of the hearings on this bill it was brought out, and it is also a matter of common knowledge, that following the trying experiences of World War I, that great advocate of our national security, Mr. Bernard Baruch, urged in his report to the President dated December 24, 1919, that steps be taken immediately to insure adequate supplies of raw materials for any future emergency. Such a program was repeatedly advocated in the 20 years that followed. The costly lesson had been taken to heart by many individuals and agencies, public and private, including the Secretaries of War and Navy, many Members of Congress, the Bureau of Mines, the Planning Committee for Mineral Policy appointed by President Roosevelt, the Mining and Metallurgical Society of America, the American Mining Congress, and many others.

Not until 1938 was a small appropriation approved in the supply bill for the Navy Department for the purchase of strategic and critical materials. It was too late when in 1939 authorization was given in the original stock-piling bill for appropriation of \$100,000,000 to be used by the Procurement Division of the Treasury in the purchase of such materials. Soon thereafter came the war in Europe resulting in the blocking of many sources of supply, shipping became tight and prices of these indispensable materials were soaring. Our desperate efforts to secure these materials met with delay, confusion, and exorbitant costs in acquiring

the minerals necessary for our defense program.

Many materials may be taken as illustrations of this situation. For example, let us take tungsten of which we needed but a comparatively small stock pile. We did not get it. In the tremendous effort since made we did acquire the necessary quantity at a cost several times the cost at which it would have been available earlier. Only by the grace of providence were we allowed nearly a year and a half between the time our Council of National Defense began its work and the disaster at Pearl Harbor. This was only a repetition of our experience in the First World War.

Surely the experiences of these two wars should be enough to make us do something to correct this glaring need. Perhaps the fault lies with us in that the problem of raw materials as a basis for real preparedness has never been sufficiently dramatized to draw enough public attention. Next time the problem will be worse—much worse.

It has been aptly said that stock piles mean something more than mere stock piles of strategic and critical materials; they mean a concentrated and canned manpower, and a concentrated and canned transportation, obtained ahead of time.

When the outbreak of a major war in Europe seemed inevitable, we created in this country our National Defense Advisory Committee as a prudent step toward preparation for whatever emergency the future might hold. The committee soon found that with the exception of industry-held stock there was little to be had. We lacked not only supplies of many minerals that had not normally been produced in this country, but the available supply of copper, lead, zinc, and other metals in which our peacetime production had been sufficient, was far below the rapidly pyramiding requirement of a world war.

We came all too close to paying a terrible penalty for our lack of foresight. Strenuous and costly were the measures required to make up for our deficiency. Premium price plans, Government financing, tax-relief provisions, and many other emergency measures were brought into play. Emergency measures were needed to maintain adequate manpower, even to the furloughing of trained soldiers to work in the mines. Only the energy, resourcefulness, and patriotic sacrifices of our domestic mineral producers enabled us to meet the needs. Additions to mill and smelter capacity were provided, new plants built, and treatment processes for low-grade and refractory ores were developed. Production was forced beyond actual consuming requirements to provide munitions plants with working stocks and to fill the whole greatly expanded "pipe line" of metallic products in process of fabrication.

To aid in meeting the enormous needs of military and civilian production in both world wars we were forced to turn to foreign sources. There was much delay. We had to recruit and in fact train engineers and geologists and send them to wild and inaccessible parts of Africa and Latin America and Asia. It was

necessary to obtain for these foreign operations essential mining equipment from domestic factories that were, as we all know, hard pressed to turn out war materials. It meant demands upon sparse manpower in competition with the manufacturer of ships and guns and vehicles. It meant the overseas dispatch of equipment in vessels that were too few in number and which, with their priceless cargoes, were being sent to the bottom by submarines.

If any lesson has been learned from this intensive drive to supply these strategic and critical materials from both domestic and foreign sources under the pressure of war conditions, it is, first, that prewar stock piles would have been vastly more effective and less costly than wartime procurement and transportation; second, that long shipping voyages would have been saved at a time when ships were scarce and when they were urgently needed elsewhere—also there would have been saved much war wastage that took place by the sinking of ships and their mineral cargoes and equipment; third, scarce manpower and materials that had to be allocated to the manufacture of mining equipment and supplies would have been saved at a time when those materials were needed for direct war effort.

A very important point which we should consider in our effort to protect the United States in the future is that physical stock piles, particularly of minerals and metals, are only our first line of defense. Back of them, and of even greater importance to our security must be a sound, healthy and functioning mining industry, equipped and ready to deliver the additional quantities of minerals required for all-out war production. In the past Congress has rightfully retained control over the stock piles. This principle of congressional control bears directly also on the future of the mining industry, upon which we must rely for a major part of our mineral supply in an emergency. Unless Congress maintains its control over release of stock-pile accumulations an unhealthy and repressive effect on our domestic mining industry will result. The conferring of discretionary power upon any administrative agency to liquidate portions of the stock pile would inevitably impair, if not destroy, the necessary confidence on the part of those who are responsible for operating and developing our mines. Even though such power were never exercised, the mere fact that it could be, would serve as a continuing threat, discouraging development, expansion, and long-term financing in mining. It is essential that the Congress itself retain the key to the stock piles.

Ample provision is made in this bill for the release of stock-piled materials for purposes of rotation as in the case of rubber, fibers, and drugs, and also where the materials become technologically obsolete for war purposes. Materials may also be released and disposed of when the express approval of Congress is given.

Now as to the specific provisions of the bill. Following the statement of policy presented at the opening of my discussion, section 2 (a) provides that the Secretaries of War, Navy, and Interior act-

ing jointly through the Army and Navy Munitions Board shall determine, from time to time, which materials are strategic and critical and the quality and quantity to be stock-piled. The Secretaries of State, Treasury, and Commerce are to designate representatives to cooperate in carrying out the provisions of the act. Section 2 (b) directs the appointment of industry advisory committees selected from the industries concerned with the materials to be stock-piled. The general function of these committees is to advise with the Secretaries of War, Navy, and Interior and with any agencies through which they may exercise any of their functions with respect to the purchase, sale, care, and handling of materials to be stock-piled.

Under section 3 (a) the Secretaries of War and Navy direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to make purchases of strategic and critical materials pursuant to section 2, and insofar as practicable from supplies of materials in excess of the current industrial demands. Purchases are to be made in accordance with the Buy American Act of March 3, 1933. A reasonable time of not to exceed 1 year is to be allowed for production and delivery from domestic sources, and in the case of any such material available in the United States but which has not been developed commercially, the Secretaries of War and Navy, may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond. Section 3 (b) covers the storage of the stock-piled materials on military and naval reservations or other approved locations; section 3 (c) authorizes refining or processing through normal commercial channels of any materials acquired or transferred, into a form best suitable for stock-piling; section 3 (d) provides for rotation of materials where necessary to prevent deterioration; section 3 (e) provides for disposition of any materials no longer needed because of any revised determination made pursuant to section 2. It is specified that no such disposition shall be made until 6 months after publication in the Federal Register and transmission to the Congress and to the Military Affairs Committee of each House of a full report of the proposed disposition. Full data is required and the time and date of disposition is to be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual market. At this point the important provision is made that no material constituting a part of the stock pile may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in times of war.

Section 4 requires submission to the Congress every 6 months of a report detailing the activities with respect to stock piling, including a statement of for-

eign and domestic purchases, and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendment and related legislation.

Section 5 limits release of stock-piled material other than as specified in section 3, for use, sale, or other disposition to the following: Only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President. This is an improvement over section 4 of the original 1939 act, which permitted use of stock-pile materials only "upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war."

Section 6 (a) provides for the transfer of strategic and critical materials under War Assets Administration regulations by the owning agencies, when determined to be surplus, so long as the particular material does not exceed in amount the quantity determined therefor pursuant to section 2. Exemption is made from this requirement of such amount of any materials as is necessary to make up any deficiencies of the supply for the current requirements of industry as determined by the Civilian Production Administration or its successor. Also exempted are, first, any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, or second, such amounts of any material as the Army and Navy Munitions Board determines, (i) are held in lots so small as to make the transfer thereof economically impracticable; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2. It is also specified that the total materials transferred to the stock piles in accordance with this section during any fiscal year, beginning more than 12 months after this act becomes law, shall not exceed in value an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this act.

Section 6 (b) provides that transfers made under section 6 shall be made without charge against or reimbursement from the funds available under this act, except that expenses incidental to the transfer may be paid, and except that upon any such transfer from the Reconstruction Finance Corporation, the Secretary of the Treasury shall cancel RFC notes, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value (as determined by the Secretary of the Treasury) of the materials so transferred. Under section 6 (c) it is provided that the amount of RFC obligations outstanding shall be deemed to be reduced by the amount of the notes so canceled. Section 6 (d) is provided to make the Surplus Property

Act of 1944 conform with this bill, S. 752, and section 6 (e) repeals section 22, which is the stock-piling section of the Surplus Property Act, with the proviso: That any owning agency as defined in that act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

Section 7 (a) remains the same as in the original Stock Piling Act, Public Law 117, Seventy-sixth Congress, approved June 7, 1939. This provides for the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, to conduct investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or industrial needs of the United States. Investigations are to take into account the quantities and grades of these essential mineral substances, of which supplies are inadequate, from known domestic sources in order to determine and develop domestic sources of supply and to devise new methods for treatment and utilization of lower-grade reserves; also to develop substitutes. Exploration is authorized to demonstrate extent and quality of deposits of lower-grade reserves, including most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced. Section 7 (b) authorizes the Secretary of Agriculture to investigate the feasibility of developing domestic sources of supplies of any agricultural material or using agricultural commodities for the manufacture of any materials determined pursuant to section 2 to be strategic and critical.

In section 8 authorization is made for specific amounts to be appropriated for the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired. These amounts cover 5 years' operation of the proposed act and the funds so appropriated are to remain available to carry out the purposes for which appropriated until expended.

Under section 9 funds received on account of sales or other dispositions of materials are to be deposited to the credit of any appropriation available at the time of such deposits, for carrying out the provisions of purchase under this act.

You committee has held hearings and given long and careful consideration to the development of this bill which, as I have previously stated, is an amendment to the original Stockpiling Act of 1939. Many of the present members of the Committee on Military Affairs participated in the development of the bill which we presented to the House in 1939. We believe that we are presenting to you a sound measure for the future protection of our country and thus believing, we ask its adoption.

5. NOMINATION. The Finance Committee reported favorably the nomination of John W. Snyder to be Secretary of the Treasury (p. 6706).
6. SATURDAY SESSIONS. Majority Leader Barkley said, "I think we may well prepare ourselves for a Saturday session each week during the remainder of this session" (p. 6703).

HOUSE

7. PEANUTS; ACREAGE ALLOTMENTS. The Agriculture Committee reported without amendment H.R. 5958, to amend the AAA Act of 1938 so as to provide that the national peanut-marketing quota established for any year subsequent to 1941 shall be quantity of peanuts sufficient to provide a national and State acreage allotment of not less than that established for the crop produced in the calendar year 1941, and to add the following provision for State acreage allotments, "and any additional acreage so required shall be in addition to the national allotment and the production from such acreage shall be in addition to the national marketing quota" (H.Rept. 2236) (p. 6743).
8. PEANUTS; MARKETING QUOTAS; PEANUT ACREAGE ALLOTMENTS. The Agriculture Committee reported without amendment H.J.Res. 359, to prohibit the proclaiming of marketing quotas on peanuts for the calendar year 1947 or the establishment of National, State, or farm acreage allotments for peanuts for the 1947 crop year (H.Rept. 2237) (p. 6743).
9. GRAZING LANDS. The Public Lands Committee reported with amendment H.R. 1392, which, as introduced, authorizes annual appropriations of \$1,000,000 each to the Secretaries of Agriculture and Interior for airplane, machinery, etc., sowing operations for reseeding and increasing forage and improving watershed conditions on range lands; authorizes cooperation with public and private agencies for this purpose, and authorizes annual appropriations of \$500,000 for experiments and investigations at forest and range experiment stations by the USDA (H.Rept. 2239) (p. 6743).
10. PERSONNEL; SALARIES. The Public Lands Committee reported with amendment S. 1460, to fix the salary at \$10,000 per annum and to provide Senate confirmation of appointment of the Interior Department solicitor (H.Rept. 2238) (p. 6743).
11. STRATEGIC MATERIALS. Received the conference report on S. 752, to authorize acquisition of stocks of strategic materials for national defense (p. 6714-5).
12. PRICE CONTROL. Rep. Buffett, Nebr., criticized OPA's "alibi" for the meat shortage and inserted a commission man's letter on the black market in meat (p. 6716). Rep. Gross, Pa., urged that OPA give the farmer a "green light" on production to alleviate food shortages (p. 6717). Rep. Hoffman, Mich., criticized OPA regulations as a cause of food shortages (p. 6717). Rep. Delacy, Wash., criticized the "crippling amendments" of the House to the price-control bill (p. 6717).
13. ECONOMY. Rep. Rich, Pa., discussed economy in Government operations in the light of the British loan and the rivers and harbors bill (pp. 6715-6).
14. FOREIGN LOANS. Rep. Mansfield, Mont., discussed the proposed British loan and present foreign indebtedness to the U.S. and suggested consideration of all foreign loans at the same time, rather than singly (pp. 6739-42).

15. APPROPRIATION RESCISSIONS. Received from the President proposed rescissions and provisions as set forth in the Budget Bureau's letter pursuant to the provisions of the 2nd Deficiency Act of 1944 (H.Doc. 645). To Appropriations Committee. (p. 6743.) It is understood that this is a further recommendation for the repeal of appropriations for war activities no longer required.

16. RUBBER. Both Houses received from the War Assets Administration a report with respect to Government-owned synthetic rubber plants and facilities (pp. 6668, 6743).

17. GRAIN SHORTAGE. Received sundry petitions opposing the 30-percent reduction or any future reduction in grains available for beer production (pp. 6743-4).

Received sundry petitions favoring H.R. 5893, to prohibit the exportation of grains to nations manufacturing alcoholic beverages from agricultural products while their people are starving (p. 6744).

18. DAIRY PRICES. Received a Wis. cheese producers association petition favoring a 6¢ per pound price increase on swiss and limburger cheese (p. 6744).

BILLS INTRODUCED

19. VETERANS' EMPLOYMENT. S. 2323, by Sen. Tunnell, Del. (for himself and others), H.R. 6722, by Rep. Spence, Ky., and H.R. 6725, by Rep. Kefauver, Tenn., to promote maximum employment, business opportunities, and careers for veterans in a free competitive economy. To Senate Finance and House Banking and Currency Committees. (pp. 6668, 6743.)

20. FARM LANDS. H.R. 6718, by Rep. Lenke, N.Dak., to include consequential damages as part of just compensation in taking private farm property for public use. To Public Buildings and Grounds Committee. (p. 6743)

ITEMS IN APPENDIX

21. POTATOES; FEED. Rep. Robertson, N.Dak., inserted Governor Aandahl's (N.Dak.) statement announcing that the technical research branch of the N.Dak. Research Foundation has developed a process to convert cull potatoes into livestock feed (pp. A3509-10).

22. RURAL ELECTRIFICATION. Rep. Savage, Wash., inserted St. Louis Star-Times articles charging that private power interests are interfering with the REA program in the St. Louis area (pp. A3537-8).

23. WHEAT. Extension of remarks of Rep. Rizley, Okla., criticizing the directive which he says requires farmers to sell one-half of the wheat delivered to terminal storage elevators and that every purchaser of wheat in the U.S. hold one-half of the amount purchased for the use of CCC (pp. A3523-4).

24. CONGRESSIONAL REORGANIZATION. Sen. McKellar (Tenn.) and Rep. Patten (Tex.) inserted Rep. Cannon's (Mo.) Sunday Star article opposing the congressional reorganization plans and defending Congress against outside criticisms (pp. A3533-4, A3518-9).

Sen. LaFollette, Wis., inserted a Washington Post article favoring congressional reorganization as contemplated in the LaFollette bill (p. A3542).

25. FOREIGN LOANS. Rep. Reed, N.Y., inserted Miss Gertrude M. Coogan's (economic analyst, Chicago, Ill.) statement before the House Banking and Currency Committee opposing the proposed British loan (pp. A3526-9).

House of Representatives

MONDAY, JUNE 10, 1946

The House met at 12 o'clock noon.

Rev. Edward A. McDonough, Chief of Personnel, Division Chaplaincy Service, Veterans' Administration, offered the following prayer:

Almighty and Eternal God, we stand humbly at Thy feet and return thanks for the gifts and favors we have received from Thy divine mercy.

We thank Thee for the many blessings of nature that bring pleasure and happiness to those whose tasks in life give little opportunity for rest and relaxation.

Bless this week that lies before us. Take from our hearts all pride and self-sufficiency that we may always be conscious that Thou alone art the source of all wisdom and knowledge. Enlighten our minds that we may cope with the great problems that come to us for consideration and solution. Teach us to turn to Thee for inspiration and assistance.

Continue Thy blessings to these United States that we may always be an example of the blessing of Christian civilization. Let each of us be conscious of his obligations to our country and fellow man that flow from the rights we enjoy by reason of our citizenship.

Direct us, we pray Thee, to a true and lasting peace. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, June 7, 1946, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 360. Joint resolution to provide for United States' participation in the Philippine independence ceremonies on July 4, 1946.

MEETING OF EMPIRE PARLIAMENTARY ASSOCIATION

The SPEAKER laid before the House the following communication:

JUNE 7, 1946.

Hon. SAM RAYBURN,

*Speaker of the House of Representatives,
Washington, D. C.*

MY DEAR MR. SPEAKER: I regret to inform you that it will be impossible for me to serve as a member of the House congressional delegation to the Bermuda Conference, which is to meet in Bermuda beginning June 10, 1946.

I regret that circumstances compel me to give you this notice.

Sincerely,

LAWRENCE H. SMITH.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

The SPEAKER. Pursuant to the provisions of Senate Concurrent Resolution 58, Seventy-ninth Congress, the Chair appoints the gentleman from Pennsylvania [Mr. BRUMBAUGH] to fill the vacancy on the committee appointed on the part of the House to attend the meeting of the Empire Parliamentary Association, to be held in Bermuda, beginning June 10, 1946.

EXTENSION OF REMARKS

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD and include an article by Mr. CANNON of Missouri, which appeared in yesterday's Washington Star, together with certain statements in connection therewith.

Mr. ALMOND asked and was given permission to extend his remarks in the RECORD and include an address delivered by him in Roanoke, Va., on June 3.

Mr. RYTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Washington Post of June 8, 1946.

Mr. HUBER asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include editorials from the Lorain (Ohio) Journal.

Mrs. DOUGLAS of Illinois (at the request of Mr. HUBER) was given permission to extend her remarks in the RECORD.

Mr. KERR asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement recently published in the Philadelphia Record under the name of John M. Cummings, in reference to the great Democratic leader, James Farley.

Mr. BRYSON asked and was given permission to extend his remarks in the RECORD and include an essay written by a young schoolboy.

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech delivered to the Veterans of Foreign Wars.

Mr. MCKENZIE asked and was given permission to extend his remarks in the RECORD in two separate instances, in one to include a speech with regard to the terminal-leave pay bill and in the other an address by Major General Erskine to the graduating class of Louisiana State University.

Mr. SAVAGE asked and was given permission to extend his remarks in the Appendix of the RECORD and to include a newspaper item.

Mr. BULWINKLE asked and was given permission to extend his remarks in the Appendix of the RECORD and to include therein an article by Mr. Ben E. Adkins.

Mr. GATHINGS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter and also a decision of the Supreme Court of Arkansas in the case of Davis against State.

PERMISSION TO ADDRESS THE HOUSE

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

THE HONORABLE FRED M. VINSON

Mr. SPENCE. Mr. Speaker, not only the people of Kentucky, his native State, but I am sure the whole Nation will rejoice at the appointment of Fred M. Vinson as Chief Justice of the United States.

His remarkable career which has few if any parallels has given the American people an idea of the character and diversity of his ability. For 14 years he was a Member of the House of Representatives, where he was an exceedingly prominent member of the Ways and Means Committee. He resigned to accept the appointment as United States Circuit Judge of the District of Columbia in which position he made a splendid reputation as a jurist of great ability and sound judgment; and he was also appointed Chief Justice of the Emergency Court of Appeals where he rendered valuable service. He resigned to become the Director of Economic Stabilization. He resigned this position to become Federal Loan Administrator. He was thereafter appointed Secretary of the Treasury. He has now been appointed to the chief judicial position in the United States.

In the various and comprehensive duties of all the positions he has held he demonstrated great capacity and a high order of administrative ability. He has a keen, analytical mind, an infinite capacity for work, a character above reproach and every qualification that should make him a great Chief Justice. He has always followed the Biblical injunction "Whatsoever thy hand findeth to do, do it with thy might." We are sure that he will measure up to the full responsibilities of the great position to which he has been appointed and will bring great honor to himself.

Kentucky feels proud that one of her native sons should have conferred upon him such a distinguished honor.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER: Is there objection to the request of the gentleman from Georgia?

There was no objection.

THE PRESIDENT'S ACTION ON THE CASE BILL

Mr. COX. Mr. Speaker, it is being freely predicted this morning that the President is going to veto the Case bill. I hardly see how this would be humanly possible, for it is a long, long way from his recommendation for emergency labor legislation to a veto of the bill. If he does veto it, it will constitute the fastest retreat in history.

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES—CONFERENCE REPORT

Mr. THOMASON submitted the following conference report and statement on the bill (S. 752) to amend the act of June 7, 1929 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, for printing under the rule:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1929 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the act of June 7, 1929 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2 (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting

jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"Sec. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials with due regard to the objective set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this act which are no longer needed because of any revised determination made pursuant to section 2 of this act, as herein-after provided. No such disposition shall be made until 6 months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a

part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"Sec. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than 6 months after the approval of this act, and every 6 months thereafter a written report detailing the activities with respect to stock piling under this act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"Sec. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"Sec. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administrator or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reim-

bursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act."

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"Provided, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"Sec. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any mate-

rial determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

"Sec. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"Sec. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"Sec. 10. Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this Act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 3 of this Act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.

"Sec. 11. This Act may be cited as the "Strategic and Critical Materials Stock Piling Act."

And the House agree to the same.

ANDREW J. MAY,
R. EWING THOMASON,
OVERTON BROOKS,
WALTER G. ANDREWS,
DEWEY SHORT,

Managers on the Part of the House.

ELBERT D. THOMAS,
EDWIN C. JOHNSON,
LISTER HILL,
JOSEPH C. O'MAHONEY,
WARREN R. AUSTIN,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same.

Except for the differences noted in the following statement, the conference substitute is the same as the House amendment.

The House amendment authorized the Secretaries of State, Treasury, and Commerce to designate representatives to cooperate with the Secretaries of War, Navy, and Interior in carrying out the provisions of the

act. The conference agreement adds the Secretary of Agriculture to those authorized to designate such representatives.

The Senate bill provided that purchases of strategic and critical materials for the purposes of the act be made with due regard to the objectives set forth in section 1, and further provided that such purchases might be made without regard to section 3709 of the Revised Statutes relating to competitive bidding. These provisions were omitted from the House amendment, but are restored under the language of the conference agreement.

The House amendment authorized the appropriation of \$360,000,000 for the fiscal year ending June 30, 1947, and the same amount for each of the following four fiscal years. The conference agreement authorizes the appropriation of such sums as the Congress may deem necessary to carry out the provisions of this act.

Section 9 of the Senate bill required that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts. The House amendment provided that such funds should remain available for expenditure under the stockpile program. The conference agreement adopts the Senate provision.

The House amendment deleted section 10 of the Senate bill which provided duty-free importation of materials purchased from foreign sources for stock-piling. The conference agreement restores this provision.

ANDREW J. MAY,
R. EWING THOMASON,
OVERTON BROOKS,
WALTER G. ANDREWS,
DEWEY SHORT,

Managers on the Part of the House.

SPECIAL ORDER GRANTED

Mr. MANSFIELD, of Montana. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes today following the legislative business of the day and any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GALLAGHER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

PRESIDENT TRUMAN AND THE CASE BILL

Mr. GALLAGHER. Mr. Speaker, when President Truman asked for emergency legislation the other day he gave us a promise: At least, he implied that he would veto the Case bill.

Mr. Speaker, President Truman is not going to retreat. He told us he would not use his powers against labor.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ECONOMY IN GOVERNMENT

Mr. RICH. Mr. Speaker, I was much interested last week when we had up for

consideration the rivers and harbors bill, for the reason that I have heard many Members of the House during the last few months say that they were for economy in the operation of our Government. It was interesting to me to observe whether they were going to practice what they preach or not. We have the record on that.

Mr. Speaker, we are going to have a request for the British loan up here next week, perhaps. We are going to be asked to spend money that will not be for the benefit of this country. I wonder whether the Constitution of the United States grants power to levy taxes on our constituents for the benefit of a foreign government. If you want to spend money for the benefit of Americans, that may be all right. It is something to consider.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. LINK asked and was given permission to extend his remarks in the RECORD and include an article by Mr. M. S. Szymczak, member of the Board of Governors, Federal Reserve System.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and include certain excerpts.

Mr. ROBERTSON of North Dakota asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an editorial from the New York Times and in the other to include a statement from the Governor of North Dakota.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include certain testimony offered before the Banking and Currency Committee. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$160, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD in four instances, in one to include a speech by Dr. Capen, of Buffalo University, and in the other three to include quotations.

SPECIAL ORDER GRANTED

Mr. COFFEE. Mr. Speaker, I ask unanimous consent that on tomorrow after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that on today after disposition of matters on the Speaker's desk and at the conclusion of any other special orders, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. JONKMAN addressed the House. His remarks appear in the Appendix of today's RECORD.]

PERMISSION TO ADDRESS THE HOUSE

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

GENERAL MIHAILOVICH

Mrs. BOLTON. Mr. Speaker, today General Mihailovich, to whose loyalty some 500 American fliers owe their lives, goes on trial for his life before a so-called "court" completely stacked against him. Were this not so the request from our Government that these fliers testify in his behalf would not have been refused and ignored. Such a refusal permits of but one conclusion: The Belgrade court intends to permit no defense witnesses, because the case against the general would not stand in the face of such testimony.

I have here the précis of the testimony of these American airmen. This is an historic document, Mr. Speaker. I ask unanimous consent that it be inserted in the Appendix of the RECORD.

As a nation, we can in all honor do no less than to insist, as these airmen do, that this brave man be given an honest trial in an international court. We have insisted upon fair trial for German and Japanese war criminals; shall we not insist upon equal fairness for this man who is responsible for giving life to literally hundreds of our own men? Shall we not insist upon trial in a United Nation's court, for the charges against him include crimes against the United Nations?

It is my urgent hope that the President, through the State Department, will not let the matter rest until such an agreement is reached. Less than this, in all honor, we cannot do.

PERMISSION TO ADDRESS THE HOUSE

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a resolution adopted by the Los Angeles County Board of Supervisors.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. McDONOUGH addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. EUFFETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

OPA MEAT ALIBI

Mr. EUFFETT. Mr. Speaker, the OPA has announced its weekly alibi for the disappearance of meat from the stores. They are claiming that the meat is being held back in anticipation of meat price control being lifted. I have the answer to that claim this morning from Omaha, the second largest livestock market in the world.

A large commission man writes me:

Each month there are more cattle going through the black market. Last week I was out to see one of my customers who had 52 head of 800-pound heifers on feed. I told him they would sell anywhere from \$16.25 to \$16.50. The second day after I was there a butcher from one of the nearby towns offered him \$16.50 for these heifers and a bonus of \$15 a head.

Last week I was out to see another one of my customers who had 125 head of very choice cattle on feed that would sell on the market around \$17.25. This customer told me that he was bid \$20 per hundredweight on these cattle by a little butcher who wanted them five at a time.

If OPA continues to regulate the meat business for another year, I would venture to say that 50 to 75 percent of the cattle on feed will be bought up by black marketeers and there will be a very small percent of these cattle that will come to legitimate markets and go through legitimate channels.

To enforce its impossible meat regulations the OPA would have to have a gestapo large enough to police every back room and barnyard in America. A second gestapo would be required to police the corruption of the first army and so on, ad infinitum and ad nauseam.

EXTENSION OF REMARKS

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD and include three articles by Mark Foote on Communism.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the time for extending my remarks and including an address delivered by Secretary of the Navy Forrestal, at the three hundredth anniversary of Andover, has expired. I ask unanimous consent to extend my remarks in the RECORD and include that address.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. VURSELL and Mr. RIZLEY asked and were given permission to extend their remarks in the RECORD.

Mr. SPRINGER asked and was given permission to extend his remarks in the RECORD and include certain excerpts.

Mr. WEICHEL (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD and include a communication.

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

JUNE 10, 1946.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. MAY, from the committee of conference, submitted the following.

CONFERENCE REPORT

[To accompany S. 752]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of

this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

“(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock-piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

“SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

“(a) make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

“(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

“(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

“(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided. No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: Provided, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement

such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

“(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

“(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

“(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

“(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

“(1) any property which is damaged or worn beyond economical repair;

“(2) any waste, salvage, scrap, or other similar items;

“(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act.

“(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

“Provided, That any owning agency is defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) *The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.*

"(b) *The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.*

"Sec. 8. *For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.*

"Sec. 9. *Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.*

"Sec. 10. *Strategic materials purchased from foreign sources for stock piling pursuant to the provisions of this Act shall be admitted into the United States free of any tariff duty, import tax, or other impost applicable to importations. If any such imported strategic material is disposed of pursuant to section 3 of this Act, and if such disposition is made at a price based on the cost to the Government of such strategic material rather than the market price current at the time of sale, there shall be added to such price the amount of any tariff, duty, import, tax, or other impost which would be due were such strategic material imported at the time the sale is made.*

"Sec. 11. This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'."

And the House agreed to the same.

ANDREW J. MAY,
R. EWING THOMASON,
OVERTON BROOKS,
WALTER G. ANDREWS,
DEWEY SHORT,

Managers on the Part of the House.

ELBERT D. THOMAS,
EDWIN C. JOHNSON,
LISTER HILL,
JOSEPH C. O'MAHONEY,
WARREN R. AUSTIN,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same.

Except for the differences noted in the following statement, the conference substitute is the same as the House amendment.

The House amendment authorized the Secretaries of State, Treasury, and Commerce to designate representatives to cooperate with the Secretaries of War, Navy, and Interior in carrying out the provisions of the act. The conference agreement adds the Secretary of Agriculture to those authorized to designate such representatives.

The Senate bill provided that purchases of strategic and critical materials for the purposes of the act be made with due regard to the objectives set forth in section 1, and further provided that such purchases might be made without regard to section 3709 of the Revised Statutes relating to competitive bidding. These provisions were omitted from the House amendment, but are restored under the language of the conference agreement.

The House amendment authorized the appropriation of \$360,000,000 for the fiscal year ending June 30, 1947, and the same amount for each of the following four fiscal years. The conference agreement authorizes the appropriation of such sums as the Congress may deem necessary to carry out the provisions of this act.

Section 9 of the Senate bill required that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts. The House amendment provided that such funds should remain available for expenditure under the stock-pile program. The conference agreement adopts the Senate provision.

The House amendment deleted section 10 of the Senate bill which provided duty-free importation of materials purchased from foreign sources for stock-piling. The conference agreement restores this provision.

ANDREW J. MAY,
R. EWING THOMASON,
OVERTON BROOKS,
WALTER G. ANDREWS,
DEWEY SHORT,

Managers on the Part of the House.

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued June 18, 1946
For actions of June 17, 1946
79th-2nd, No. 117

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HIGHLIGHTS: House passed following bills: Continue Federal administration of Agricultural Conservation Program for 2 years; continue Sugar Act for 1 year; provide that future peanut allotments and quotas shall be at least as much as in 1941; prohibit peanut marketing quotas in 1947; provide for Swan Island animal-quarantine station; and reduce public-debt limit to \$275,000,000,000. House Rules Committee cleared omnibus flood-control bill. Rep. Rees said "farmers who sell wheat are entitled to have the price protected. Rep. Sabbath spoke in favor of price control on farm products. Rep. Jenkins inserted Secretary's letter on publication of food-allotment lists.

HOUSE

1. **AGRICULTURAL CONSERVATION PROGRAM.** Passed without amendment H. R. 6459, to continue Federal administration of the Soil Conservation and Domestic Allotment Act from Jan. 1, 1947, to Jan. 1, 1949 (p. 7133).
2. **SUGAR ACT.** Passed without amendment H. R. 6689, to continue this Act until Dec. 31, 1947 (p. 7148).
3. **PEANUT MARKETING.** Passed as reported H. R. 5958, to provide that future marketing quotas and acreage allotments of peanuts for each State shall be at least that for 1941 (pp. 7138-9).
Passed without amendment H. J. Res. 359, to eliminate marketing quotas for peanuts in 1947 (p. 7139).
4. **ANIMAL QUARANTINE.** Passed without amendment H. J. Res. 364, to provide for establishment of an international animal-quarantine station on Swan Island, and to permit the entry therein of animals from any country and the subsequent importation of such animals into other parts of the U. S. (pp. 7147-8).
5. **CIVIL-SERVICE RETIREMENT.** Passed without amendment H. R. 3492, to amend the Civil-Service Retirement Act so as to prevent withholding or set-off of amounts in the retirement fund to the credit of fiscal officers on account of suspensions or disallowances raised by GAO when such officers have acted in good faith (p. 7136).
Passed as reported H. R. 4651, to amend this Act so as to provide that an annuitant retired because of disability, who recovers before reaching automatic retirement age, and who fails of reemployment through no fault of his own, be entitled to full annuity (p. 7136).

6. FLOOD CONTROL. The Rules Committee reported a resolution for consideration of H. R. 6597, the omnibus flood-control bill (p. 7131).
7. PERSONNEL; CLAIMS. Passed as reported H. R. 6532, which permits department and agency heads to designate disbursing officers to make payments of claims directly to Government employees and former employees for the difference between amounts for overtime, leave, and holiday compensation computed at day rates and overtime, leave, and holiday compensation computed at night rates pursuant to Comptroller General's decisions--applies only to those whose compensation is fixed by wage boards, etc., and who receive night differential pay (p. 7135).
8. FORESTRY. Passed without amendment H. R. 5840, which authorizes exchange of 144 acres of national-forest land used for pasturage for 8 acres of irrigated pasture land with an associated water right (p. 7136).
9. PUBLIC DEBT. Passed without amendment H. R. 6699, to reduce the public-debt limit from \$300,000,000,000 to \$275,000,000,000 (pp. 7149-60); during debate there was discussion in favor of economy in Government expenditures.
10. STRATEGIC MATERIALS. At the request of Rep. May, Ky., the conference report on S. 752, to provide for acquisition of stocks of strategic and critical material, was recommitted to the conferees (p. 7129). Rep. Pittenger, Minn., said he understood this action was taken "for a correction and not for a substantial change" (p. 7130).
11. FARM PRICES. Rep. Rees, Kans., said "farmers compelled to sell wheat are entitled to have the price protected" (p. 7130).
Rep. Sabath, Ill., spoke in favor of price control on farm products (p. 7131).
12. APPROPRIATION HEARINGS. Rep. Slaughter, Mo., spoke in favor of opening appropriation hearings to members of Congress, stating that he was refused an opportunity to hear War Assets testimony even though he is chairman of the surplus-property investigating committee (p. 7130).
13. PERSONNEL. Passed as reported S. 1460, to fix the salary at \$10,000 per annum and provide Senate confirmation of appointment of the Interior Department solicitor (p. 7139).
Rep. Miller, Calif., at the suggestion of the Speaker withdrew his request for consideration of H.R. 6691, to excuse Federal employees from duty on July 5, 1946 (pp. 7148-9).
14. GRAZING LANDS. Passed over on objection of Rep. Kean, N.J., H.R. 1392, to provide for renewing and increasing forage and improving watershed conditions on range lands, forests or Indian lands, or other U.S. lands; and authorizing sowing operations by airplane, machinery, or other means, for conducting experiments to improve methods of reseeding (p. 7139).
15. LAND-BANK COMMISSIONER LOANS. The Agriculture Committee reported with amendment H.R. 6477, to authorize continuation of Land-Bank Commissioner loans until July 1, 1948, and authorize repayment to the Treasury of capital in excess of that necessary to carry on the functions of the Federal Farm Mortgage Corporation (H.Rept. 2295) (p. 7161).

is requested, a bill of the House of the following title:

H. R. 1654. An act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PEPPER, Mr. O'MAHONEY, and Mr. HAWKES, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6429. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1947, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon; and appoints Mr. TYDINGS, Mr. OVERTON, Mr. GREEN, Mr. CHAVEZ, Mr. MAYBANK, Mr. BRIDGES, Mr. REED, and Mr. FERGUSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6601. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. OVERTON, Mr. BROOKS, Mr. BRIDGES, and Mr. GURNEY, to be the conferees on the part of the Senate.

APPOINTMENT OF COMMISSION TO ATTEND PHILIPPINES CELEBRATION

The SPEAKER. Pursuant to the provisions of Public Law 414, Seventy-ninth Congress, the Chair appoints as members of the Commission to represent the United States at the ceremonies to be held at Manila on July 4, 1946, the celebration of the independence of the Philippines, and to make and carry out appropriate plans for United States participation in such ceremonies, the following Members of the House: Mr. BELL, of Missouri; Mr. ROBINSON, of Utah; Mr. FERNANDEZ, of New Mexico; Mr. DOMENGEAUX, of Louisiana; Mr. CRAWFORD, of Michigan; and Mr. LeCOMPTE, of Iowa.

EXTENSION OF REMARKS

Mr. TRAYNOR asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper editorial.

Mr. BUNKER asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. HOLIFIELD asked and was given permission to extend his remarks in the

RECORD and include a letter to the President.

Mr. BLAND asked and was given permission to extend his remarks in the Appendix of the RECORD and include therein an article on the Mariners' Museum.

PERMISSION TO ADDRESS THE HOUSE

Mr. TRAYNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

THE LATE HONORABLE WILLIAM F. ALLEN

Mr. TRAYNOR. Mr. Speaker, William F. Allen, former member of the House in the Seventy-fifth Congress from the State of Delaware, affectionately known as "Bill" to his many friends in Delaware, passed to his eternal rest on Friday, June 14, 1946.

Mr. Allen who was long active in Democratic politics served with honor and distinction in the State Senate of Delaware for two terms in 1925 and 1927 and was president pro tempore, during his second term. In 1920 he was a delegate to the Democratic convention in San Francisco.

Mr. Allen as a young man was a railroad worker, later a wholesale produce broker and founder of the Allen Oil Co., wholesale distributors of gasoline and oil. At the time of his death he served as chairman of the Pure Oil Products Corp. of Seaford, Del.

LEAVE OF ABSENCE

Mr. GALLAGHER. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Minnesota [Mr. STARKEY], may be excused until next Tuesday.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT OF SHOWING OF FILM OF ATOMIC BOMB STRIKE ON NAGASAKI

Mr. HOLIFIELD. Mr. Speaker, this afternoon at 3 o'clock the War Department will show the official films displaying the atomic-bomb strike at Nagasaki and Hiroshima in the Military Affairs Committee room of the New House Office Building, Room 1310. Every Member of Congress is cordially invited to come and see this.

Within the next few days we are going to be faced with consideration of Senate bill 1717 or a similar House bill. It would be wonderful information for every Member to have to see the official films of what these two bombs did in Japan. The films will be shown at 3 o'clock this afternoon.

STRATEGIC STOCK-PILE BILL—CONFERENCE REPORT RECOMMENDED

Mr. MAY. Mr. Speaker, I ask unanimous consent that the conference report on the bill S. 752, an act to amend the act of June 7, 1939, as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, be recommitted to the conferees.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD and include a radio speech delivered by himself.

Mr. ELLIS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. SPRINGER asked and was given permission to extend his remarks in the RECORD in two instances and to include in each an editorial.

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include an article by Frank M. Smith, appearing in the Times-Herald of today, the article pointing out one of the important issues confronting the farmers at this time.

Mr. BUFFETT (at the request of Mr. MILLER of Nebraska) was given permission to extend his remarks in the RECORD.

Mr. CLEVINGER asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in two instances and to include a newspaper editorial and a newspaper article.

Mr. FITTENDER asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an editorial and newspaper item, and in the other to include correspondence and other material.

SPECIAL ORDER GRANTED

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent that on Thursday next after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 40 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

[Mr. STEFAN addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. LANDIS. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. LANDIS addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

FARMERS COMPELLED TO SELL WHEAT ARE ENTITLED TO HAVE THE PRICE PROTECTED

Mr. REES of Kansas. Mr. Speaker, the Department of Agriculture has recently issued an order whereby farmers who store their wheat in commercial elevators, are required to sell 50 percent of it. One-half of the amount sold is purchased by the Commodity Credit Corporation and the remainder goes for commercial uses. The Government pays ceiling price for its share of the wheat.

The proposition works out so that a farmer who does not have wheat storage on the farm, is required to sell half of his wheat whether he wants to or not and he must take the price fixed by the Government. In other words, he must sell and must take the Government price. Of course, if he has storage of his own, he can sell his wheat when he chooses to do so.

Mr. Speaker, in view of the demand that farmers sell their wheat to take care of immediate allocations abroad and requirements in this country, it is only fair that the farmer who sells his wheat under these conditions shall be protected in the event of a change in price during the next year.

I have today requested the Secretary of Agriculture to make provision for the issuance of certificates of purchase to farmers who sell their wheat under these conditions and the farmer be allowed to cash such certificates at any time he chooses to do so during the period of a year and whereby they may receive the market price of the wheat at the time such certificates are cashed. The certificates, of course, can be handled through the local banks.

Mr. Speaker, my proposal is fair and equitable and I hope the Department of Agriculture and other agencies of Government dealing with this problem will see fit to accept it immediately.

PERMISSION TO ADDRESS THE HOUSE

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

STOCK PILE OF STRATEGIC RAW MATERIALS

Mr. PITTENGER. Mr. Speaker, the distinguished gentleman from Kentucky asked to have a bill rereferred to the

committee a few moments ago which is of great importance to everybody. He has just assured me the bill is being referred back to the committee for a correction and not for substantial change. This bill has to do with the stock piling or the accumulation of war materials.

In that connection, Mr. Speaker, my section of the country has to do with the mining of iron ore. Most of the iron ore that went into the production of war materials during World War II came from the little district that I have the honor to represent in northern Minnesota.

This legislation, Mr. Speaker, relates to the stock piling of strategic materials that would be necessary in wartime.

During the last two wars the rich deposits of iron ore in my district have been heavily depleted. In the interest of national defense the citizens of northern Minnesota feel that the present supply of high-grade iron ore should be considered as strategic war material. They believe that a sufficient amount ought to be mined now and stock piled or stored in reserve in the event that our Nation should ever be threatened in another war.

A delegation of the mayors of different towns and villages in northern Minnesota are in Washington for the purpose of conferring with Government officials regarding the problem of stock piling the iron ore for emergency purposes. They have asked me to arrange for them to meet Members of Congress who are interested in the strategic war-material legislation, and I have arranged a conference with them and with my colleagues for Wednesday morning at 10 a. m. in the committee room of the Committee on Rivers and Harbors of the House of Representatives. We shall be glad to have those of you who are interested meet us at that time and get acquainted with the visiting mayors who have a message dealing with this problem which will appeal to all of you.

PERMISSION TO ADDRESS THE HOUSE

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a letter from the Secretary of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. JENKINS addressed the House. His remarks will appear in the Appendix of today's RECORD.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. VOORHIS of California addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. SLAUGHTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection?

HEARINGS OF THE COMMITTEE ON APPROPRIATIONS

Mr. SLAUGHTER. Mr. Speaker, a year ago I introduced House Resolution 197 to open the hearings of the Committee on Appropriations to Members of Congress, which resolution I have not pressed. Incidentally, the opening of these hearings is recommended by the congressional reorganization plan.

This morning I learned that the Committee on Appropriations was holding a hearing on a three-quarters of a billion dollar appropriation for the War Assets Administration, and as chairman of the special committee investigating that agency, I asked permission to attend and was refused. My reason in asking permission to attend was that I wanted to hear that evidence from an agency that last month sold \$40,000,000 worth of material and spent \$35,000,000 doing it.

I serve notice here and now that at the next meeting of the Committee on Rules I shall press my resolution to open the hearings of the Committee on Appropriations to the Members of Congress.

EXTENSION OF REMARKS

Mr. JENKINS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an address delivered by Henry J. Taylor over the radio entitled "Courage Versus Opportunism."

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD in two instances, to include in one two editorials, and in the other an address which he delivered.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD and include extracts from a dairy magazine printed in his district.

Mr. ANDERSON of California asked and was given permission to extend his remarks in the RECORD and include a statement from Gov. Earl Warren, of California.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that-at the request of several of my constituents I may extend my remarks in the RECORD and include an address delivered in Chicago by Robert R. Watson. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$150, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WEICHEL (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DONDERO (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD and include an editorial.

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD in four instances and to include excerpts in each.

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 8, 1946
For actions of July 3, 4 & 5, 1946
79th-2nd, Nos. 130, 131, and 132

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HIGHLIGHTS: Senate passed National Science Foundation bill. Senate committee reported bill to authorize Federal Security Agency to assist States in community recreation program. Senate received nomination of Littlejohn to be War Assets Administrator. House sent Cooley farm-credit bill to conference. Rep. Murray said Agriculture, not Appropriations, Committee should handle fertilizer legislation, and blamed South for fertilizer shortage in Midwest. House passed bill to include department heads under Civil Service Retirement Act. Senate committee reported price-control bill and Senate debated this bill. Senate passed omnibus flood-control bill. Senate passed vocational-education bill. Rep. Murray criticized continuation of slaughter control and sugar rationing.

SENATE - July 3

- 1. RESEARCH.** Passed with amendments S. 1850, to create a National Science Foundation to promote the progress of science and the useful arts, to secure the national defense, and to advance the national health and welfare; by a 48-18 vote (pp. 8323-34, 8336-60). Agreed to amendments by Sen. Hart, Conn., to eliminate provisions for research on social sciences (pp. 8348-50).
- 2. PRICE CONTROL.** H. J. Res. 371, to continue price control until July 20, and S. J. Res. 172, for the same purpose, were referred to the Banking and Currency Committee (p. 8320). Sen. O'Daniel, Tex., moved that H. J. Res. 371 be referred to the Pensions Committee instead, but this motion was ruled out of order (p. 8320).
Sen. Wherry, Nebr., read and commented upon reports he has received from the American Meat Institute, National Cooperative Milk Producers Federation, Cook Packing Co., and Nebraska Stockgrowers Association regarding price movements since July 1 (pp. 8321-3).
Sen. Pepper read and discussed information regarding price increases since July 1 (pp. 8362-3).
- 3. RECREATION.** The Education and Labor Committee reported without amendment S. 2070, to authorize the Federal Security Agency to assist the States in development of community recreation programs (S. Rept. 1648)(p. 8320).

4. CREDIT UNIONS. The Banking and Currency Committee reported with amendment H. R. 6372, to amend the Federal Credit Union Act in several particulars (S. Rept. 1647)(p. 8320).
5. UNESCO. The Foreign Relations Committee reported with amendments H. J. Res. 305, to provide for U. S. membership in the United Nations Educational, Scientific, and Cultural Organization (S. Rept. 1649)(p. 8320).
6. D. C. APPROPRIATION BILL. Concurred in a House amendment to a Senate amendment to this bill, H. R. 5990 (p. 8325). This bill will now be sent to the President.
7. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6837, and Senate conferees were appointed for a further conference (p. 8326).
8. RIVERS AND HARBORS omnibus bill, H. R. 6407, was made the unfinished business (p. 8360).
9. NOMINATION; SURPLUS PROPERTY. Robert McGowan Littlejohn was nominated as War Assets Administrator (p. 8368).
10. ADJOURNED until Fri., July 5 (p. 8368).

HOUSE - July 3

11. FARM CREDIT. The final version of H. R. 6477 (see Digest 129, which was in error), extends authority for Land Bank Commissioner loans until July 1, 1947, authorizes FFMC to repay to the Treasury such portions of its capital as are not needed, and directs FCA to study and report to Congress on ways and means of making loans through the land bank system similar to those now made by the Land Bank Commissioner and to submit its report by Mar. 1, 1947.
Reps. Flannagan, Zimmerman, Cooley, Pace, Hope, Kinzer, and Andresen were appointed House conferees on the Cooley farm-credit bill, H. R. 5991 (p. 8377). Senate conferees were appointed July 1.
12. PRICE CONTROL. Rep. Dirksen, Ill., commended the "restraint" of businessmen during the absence of price control (p. 8378).
Rep. Dondero, Mich., took the same position, saying businessmen's actions "ought to be an answer to the hysteria" (pp. 8378-9).
Rep. Jenkins, Ohio, discussed the price situation, stating that increases because of elimination of subsidies are not inflationary (pp. 8420-2).
13. PERSONNEL. Passed without amendment H. R. 6903, to provide benefits for certain U. S. employees who are veterans of World War II and lost opportunity for probational civil-service appointments because of service in the armed forces (pp. 8372-3).
Passed without amendment H. R. 5831, to include department heads under the Civil Service Retirement Act (pp. 8373-4).
Passed without amendment H. R. 6673, to modify the provision against concurrent receipts of retirement and Employees' Compensation Act benefits (p. 8374).
14. FERTILIZER; RESEARCH. Rep. Murray, Wis., spoke in favor of H. R. 6932, the Flannagan-Hope bill; criticized consideration of fertilizer legislation by the Appropriations, rather than the Agriculture Committee; and blamed the South for the fertilizer shortage in the midwest (p. 8379).
15. STRATEGIC MATERIALS. Received the conference report on S. 752, to provide for

stockpiling strategic and critical materials (pp. 8418-20).

16. LABOR. Received the President's message stating that he has approved H. R. 32, the Hobbs anti-racketeering bill, after receiving an opinion from the Attorney General regarding its effect (p. 8417).
17. HOUSING. Rep. Healy, Calif., spoke in favor of S. 1592, the Wagner-Ellender-Taft bill (p. 8378).
18. FLOOD CONTROL. Received from the War Department flood-control survey reports on Clinton and Skagway Rivers (H. Docs. 694, 695). To Flood Control Committee. (p. 8423.)
19. ADJOURNED until Fri., July 5 (p. 8423). Legislative program this week, as announced by the majority leader: Mon., Tues., Thurs., Fri., Sat., British loan; Wed., Calendar Wed.; after British loan, atomic energy (p. 8418).

BILLS INTRODUCED - July 3

20. PAYMENTS IN LIEU OF TAXES. S. 2410, by Sen. Bushfield, S. Dak., to provide for a uniform method of payments to the States on account of U. S. lands. To Public Lands and Surveys Committee. (p. 8320.)
21. BUILDINGS AND GROUNDS. S. 2412, by Sen. Andrews, Fla., to provide for site acquisition and design of Federal buildings. To Public Buildings and Grounds Committee. (p. 8320.)
22. PRICE CONTROL. H. J. Res. 376, by Rep. Kunkel, Pa., "providing for price control." To Banking and Currency Committee. (p. 8424.)
23. SUGAR SUPPLY. H. Res. 695, by Rep. Price, Fla., providing for appointment of a select committee to investigate the sugar supply. To Rules Committee. (p. 8424.)

ITEMS IN APPENDIX - July 3

24. PRICE CONTROL. Various speeches, insertions, etc. (pp. A4092-3, 4104-5, 4106, 4108, 4109, 4110-11).
25. DAIRY INDUSTRY. Extension of remarks of Rep. Doyle, Calif., on Calif. observation of dairy month (pp. A4089-92).
26. HOUSING. Various statements, insertions, etc., on the housing program (pp. A4108-9, 4113, 4120, 4120-1, 4124, 4127).
27. FOOD-CLOTHING SHORTAGE. Rep. Rogers, Mass., inserted a letter from J.F. Hodge stating that New England has been discriminated against in the distribution of food and clothing (p. A4111).
28. FERTILIZER. Rep. Cooley, N. C., inserted a National Grange statement opposing the provision in the Government corporations appropriation bill for a TVA fertilizer plant (p. A4123).
29. FARMERS' AVIATION. Rep. Hagen, Minn., inserted a Plane Talk Magazine article, "How Planes Serve the Farmer" (pp. A4125-6).
30. CONGRESSIONAL REORGANIZATION. Rep. Lane, Mass., inserted a National Policies Committee statement favoring congressional reorganization (pp. A4126-7).

31. PRICE CONTROL. The Banking and Currency Committee reported with amendment H. J. Res. 371, to continue the Price Control and Stabilization Acts (pp. 8459-63). Except for modification of the Taft and Wherry amendments, this measure, as reported by the Committee, is the same as the bill which was vetoed.

SENATE - July 5

32. PRICE CONTROL. Began debate on H.J.Res. 371, to extend the Price Control and Stabilization Acts (pp. 8430-1, 8445-63).

Sen. Wherry, Nebr., submitted an amendment which he intends to propose to H.J.Res. 371, which would exclude livestock, poultry, and eggs or their products from price control (pp. 8445-6) and an amendment providing for a prewar mark-up on any commodity calculated on the average percentage mark-up of distributors and retailers for such commodity for the period between Oct. 1 and 15, 1945 (pp. 8446-7).

Sens. Taft (Ohio) and McCarran (Nev.) submitted amendments which they intend to propose to H.J.Res. 371 (p. 8428).

Sen. Wagner, N.Y., inserted Elmo Roper's N.Y. Herald Tribune article stating that a poll taken indicates a majority of the public in favor of OPA continuation (pp. 8428-9).

Sen. Capper, Kans., inserted an Atchison (Kans.) Globe editorial questioning whether or not prices would remain stable without price control (p. 8429).

Sen. Robertson, Wyo., inserted a Washington Post editorial, "What Price Meat" (p. 8429).

Received sundry citizens' petitions favoring and opposing OPA continuation (p. 8426).

33. FLOOD CONTROL. Passed with amendments H.R. 6597, the omnibus flood-control bill (pp. 8448-53). As passed the bill differs in the following respects from the form in which it passed the House: The amount authorized for improvements by the War Department is increased by \$22,000,000; authorization for several specific projects is added; an irrigation storage reservoir on the North Canadian River project is authorized; and a report by the U.S. Army Engineers is required before Congress can authorize or hold hearings on any flood control project.

Sens. Brooks, Hart, Brewster, and Gordon were appointed conferees (p. 8453). House conferees not yet appointed.

34. RIVERS AND HARBORS. Passed with amendments H.R. 6407, the omnibus rivers and harbors bill (pp. 8431-45, 8447-8). Senate conferees were appointed (p. 8448). House conferees not yet appointed.

35. VOCATIONAL EDUCATION. Passed as reported S. 619, to provide for the further development of vocational education in the U.S. and its territories (pp. 8453-5). This bill provides additional Federal grants-in-aid in order to extend the present vocational education program in agriculture, home economics, trade and industry, distributive occupations, and vocational guidance; and continues the present method of administering vocational education by States and local communities as provided in the original George-Deen Act. The committee decreased the total authorizations from \$97,500,000 to \$16,150,000 by eliminating the items for public service training; training for office occupations; area vocational schools; and State supervision of industrial arts education.

36. TRADE MARKS. Passed as reported H.R. 3424, to permit renewal of certain trademark registrations at their expiration (pp. 8455-6).

37. EXPENDITURES. Sen. Taft, Ohio, inserted estimates of Federal expenditures for

ernment traffic over the San Francisco-Oakland Bay Bridge;

H. R. 5744. An act to incorporate the Civil Air Patrol;

H. R. 6429. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1947, and for other purposes;

H. R. 6335. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1947, and for other purposes; and

H. R. 6682. An act to amend sections 81, 82, and 83, and to repeal section 84 of chapter IX of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

On July 2, 1946:

H. R. 2543. An act to require weekly newspapers enjoying mailing privileges to make sworn statements with respect to their circulation; and

H. R. 3517. An act to authorize the admission into the United States of persons of races indigenous to India, and persons of races indigenous to the Philippine Islands, to make them racially eligible for naturalization, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6837) entitled "An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes."

The message also announced that the Senate further insists upon its amendments Nos. 27 and 28 to the foregoing bill, disagreed to by the House; asks for a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. THOMAS of Utah, Mr. GURNEY, Mr. BROOKS, and Mr. REED to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5990) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1947, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate, numbered 1, to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5933) entitled "An act to authorize and direct the Board of Education of the District of Columbia to establish and operate in the public schools and other suitable locations a system of nurseries and nursery schools for day care of school-age and under-school-age children, and for other purposes."

The message also announced that the President pro tempore had appointed as the Members on the part of the Senate

of the Joint Committee on the Economic Report, established by section 5 (a) of Public Law 304, Seventy-ninth Congress, the following Senators, viz: Mr. O'MAHONEY, Mr. TUNNELL, Mr. MURDOCK, Mr. MYERS, Mr. TAFT, Mr. BRIDGES, and Mr. LA FOLLETTE.

PHILIPPINE INDEPENDENCE DAY

The SPEAKER. The Chair desires to announce that pursuant to the authority granted him on yesterday, July 2, 1946, he did on today, July 3, 1946, send the following message to the President and the people of the Republic of the Philippines:

Expressing the unanimous wish and will of the United States House of Representatives, I send to you and all the people of the Republic of the Philippines our hearty good wishes on this great and singular occasion in the world's history.

You are a great people, who love liberty and are willing to fight to have it and maintain it. May we always be good neighbors and friends.

Cordially,

SAM RAYBURN,

Speaker, United States House of Representatives.

THE HOBBS BILL—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on the Judiciary, and ordered to be printed:

To the Congress of the United States:

I have today approved H. R. 32, the so-called Hobbs bill. This measure makes it a felony for any person to commit robbery or extortion which in any way obstructs, delays, or affects interstate commerce or the movement of any article or commodity in interstate commerce.

This bill corresponds in terms to section 7 of H. R. 4908, the Case bill, which I returned on June 11, 1946, without my approval. In my message of June 11, I stated that I was in full accord with the objectives of section 7 of the Case bill. I added that "some question may arise from the fact that section 7 omits from the original act the provision that it was not to be construed so as to 'impair, diminish, or in any manner affect the rights of bona fide labor organizations in lawfully carrying out the legitimate objects thereof.'"

The measure now comes before me as a separate enactment, rather than as one provision of the Case bill.

Section 11 of the Case bill seriously weakened the protection afforded to labor by the Norris-LaGuardia Act and correspondingly crippled the specific exceptions contained in section 7 of the Case bill. The present act, standing alone, is not subject to this objection.

The Attorney General advises me that the present bill does not in any way interfere with the rights of unions in carrying out their legitimate objectives. He bases this conclusion upon the language of the bill, as a separate measure, and upon the legislative history.

He makes reference, in particular, to title II of the bill. That title provides that nothing in the bill shall be con-

strued to repeal, modify, or affect the Railway Labor Act, the Norris-LaGuardia Act, the Wagner Act, and specified sections of the Clayton Act, i. e., the great legislative safeguards which the Congress has established for the protection of labor in the exercise of its fundamental rights. The Attorney General also advises that the legislative history shows that the bill is not intended to deprive labor of any of its recognized rights, including the right to strike and to picket, and to take other legitimate and peaceful concerted action.

On this understanding, I am approving the bill.

HARRY S. TRUMAN.

THE WHITE HOUSE, July 3, 1946.

EXTENSION OF REMARKS

Mr. CROSSER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the bill H. R. 1362.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. COOLEY asked and was given permission to extend his remarks in the RECORD and include two letters.

Mr. GORDON asked and was given permission to extend his remarks in the RECORD and include an editorial that appeared in today's Washington Evening Star on the Polish referendum.

Mr. DINGELL asked and was given permission to extend his remarks in the RECORD on the Emergency Housing Act and include a brief editorial from the New York Herald-Tribune entitled "The Housing Bill Is Needed Now."

Mr. HOOK asked and was given permission to extend his remarks in the RECORD and include an article on consumer credit.

Mr. HAGEN asked and was given permission to extend his remarks in the RECORD and include an article from Plane Talk magazine entitled "How Planes Serve the Farmer."

MATTER INSERTED IN EXTENSIONS OF REMARKS

The SPEAKER. The Chair has had called to his attention in the last few days some extensions of remarks by Members of the House that the Chair thinks are a reflection on a Member or Members of the Senate. The Chair trusts that that does not happen any more. If there is any question as to whether or not an extension of remarks refers to a Member of the Senate in any way that might be offensive to him, the Chair hopes the matter will be submitted to the Chair before the remarks go to the printer.

Mr. McCORMACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. In other words, Mr. Speaker, under the rules no Member can insert in the Appendix of the RECORD under Extension of Remarks that which could not be stated on the floor of the House.

The SPEAKER. That is correct.

CORRECTION OF RECORD

Mr. HENDRICKS. Mr. Speaker, in the CONGRESSIONAL RECORD of July 2, on page

8312, I referred to the Chief of Staff as General Marshall. I ask unanimous consent that the RECORD be corrected to read "General Eisenhower."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BIEMILLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PRICE CONTROL

Mr. BIEMILLER. Mr. Speaker, early in the session today the gentleman from Illinois [Mr. MASON] attempted to blame the President of the United States for the lack of price control in the country at the present time. I think it is worth noting for the RECORD that the gentleman from Illinois voted to sustain the President's veto and also voted against the 20-day extension resolution. I think the people can draw their own conclusion.

LEAVE OF ABSENCE

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Wisconsin [Mr. BYRNES], who is away on official business, be granted leave of absence through July 8.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CORRECTION OF ROLL CALL

Mr. FULTON. Mr. Speaker, I ask unanimous consent to correct roll call No. 135. I was present and answered "present", but unfortunately because of the similarity of names, I am not recorded as having answered the roll call. As a matter of fact, the same page of the CONGRESSIONAL RECORD, 5887, shows that I made a speech on the railroad strike at that particular time.

The SPEAKER. Without objection, the RECORD and Journal will be corrected accordingly.

There was no objection.

EXTENSION OF REMARKS

Mr. LEFEVRE (at the request of Mr. GWYNNE of Iowa) was given permission to extend his remarks in the RECORD and include a newspaper article.

SPECIAL ORDER GRANTED

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent that on next Tuesday after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 15 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. DOYLE asked and was given permission to revise and extend his remarks made in Committee of the Whole this afternoon.

ADJOURNMENT OVER FROM FRIDAY TO MONDAY AND LEGISLATIVE PROGRAM

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns on Friday it adjourn to meet on Monday next.

Mr. MICHENER. Mr. Speaker, reserving the right to object and, of course, I shall not object, will the majority leader advise the House as to the program for the remainder of this week and for as much of next week as he can?

Mr. McCORMACK. I will be very glad to do so. For the rest of this week there is nothing controversial so far as I know. We are just meeting on Friday in order to adjourn over until Monday, since the House could not adjourn over from today until Monday. The Members of the House have been very cooperative. It was intended to start the British loan on Friday and continue it on Saturday. But with July 4 coming on tomorrow and there being no other legislation, the leadership on both sides felt the only proper and fair thing to do was to go over until Monday. I repeat, the membership of the House have been very cooperative. We have gone through a tremendous program in the last few weeks. With reference to the program, it is as follows:

On Monday and Tuesday, the House will take up the British loan.

On Wednesday, business will be taken up under the Calendar Wednesday rule.

On Thursday, Friday, and Saturday, the British loan will be considered. After that is disposed of and if the bill can be taken up next week, we will take up the atomic energy bill, S. 1717.

Of course, conference reports will be considered next week and they will be taken up in a manner agreeable to the leadership on both sides.

Mr. PHILLIPS. Mr. Speaker, reserving the right to object, referring to Friday of this week, do you mean that we will just meet on Friday and adjourn? Will there be any business conducted on Friday?

Mr. McCORMACK. Of course, if any Member wants to make a speech, that would be perfectly in order. But there will be nothing of a controversial nature. I am not putting any legislation on the program for Friday. Of course, there may be some bill that might go through by unanimous consent, but there is none that I know of at the present time.

Mr. PHILLIPS. It was my understanding, of course, that the British loan was to be discussed Friday, but that has been changed?

Mr. McCORMACK. Yes; that will start on next Monday.

The SPEAKER. In order that the Chair may understand the situation, does the gentleman from Massachusetts mean that nothing will be done on Friday except by unanimous consent?

Mr. McCORMACK. There is no legislation and nothing will be done except by unanimous consent, such as 1-minute speeches or 5-minute speeches or anything of that kind.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House on S. 752, the strategic and critical materials for national defense purposes bill, may have until midnight tonight to file a conference report and statement.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock-piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with

any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"Sec. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided. No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determina-

tion is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"Sec. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"Sec. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"Sec. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corpora-

tion, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act."

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"*Provided*, That any owning agency is defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"Sec. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

"Sec. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money

in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"Sec. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"Sec. 10. This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'."

And the House agreed to the same.

ANDREW J. MAY,
EWING THOMASON,
OVERTON BROOKS,
DEWEY SHORT,

Managers on the Part of the House.

ELBERT D. THOMAS,
EDWIN C. JOHNSON,
LISTER HILL,
JOSEPH C. O'MAHONEY,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same.

Except for the differences noted in the following statement, the conference substitute is the same as the House amendment.

The House amendment authorized the Secretaries of State, Treasury, and Commerce to designate representatives to cooperate with the Secretaries of War, Navy, and Interior in carrying out the provisions of the act. The conference agreement adds the Secretary of Agriculture to those authorized to designate such representatives.

The Senate bill provided that purchases of strategic and critical materials for the purposes of the act be made with due regard to the objectives set forth in section 1, and further provided that such purchases might be made without regard to section 3709 of the Revised Statutes relating to competitive bidding. These provisions were omitted from the House amendment, but are restored under the language of the conference agreement.

The House amendment authorized the appropriation of \$360,000,000 for the fiscal year ending June 30, 1947, and the same amount for each of the following four fiscal years. The conference agreement authorizes the appropriation of such sums as the Congress may deem necessary to carry out the provisions of this act.

Section 9 of the Senate bill required that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts. The House amendment provided that such funds should remain available for expenditure under the stock-

pile program. The conference agreement adopts the Senate provision.

ANDREW J. MAY,
EWING THOMASON,
OVERTON BROOKS,
DEWEY SHORT,

Managers on the Part of the House.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include therein a statement by General ROMULO and in another extension to include a statement by Antonio Gonzales, president of the Philippine Intercommunity Organizations of Western States on the signing of the naturalization bill, and in another instance to include an address made by Secretary of the Navy Forrestal at Williams College in Williamstown, Mass., on June 16, 1946.

Mr. PITTENGER (at the request of Mr. MICHENER) was given permission to extend his own remarks in the RECORD and include a copy of a bill.

Mr. WIGGLESWORTH (at the request of Mr. MICHENER) was given permission to extend his remarks and include an article.

Mr. REED of New York (at the request of Mr. MICHENER) was granted permission to extend his remarks in the Appendix of the RECORD and include a copy of the Declaration of Independence.

Mr. MICHENER asked and was given permission to extend his remarks in the RECORD and include an editorial.

CORRECTION OF THE ROLL CALL

Mr. McDONOUGH. Mr. Speaker, during the roll call on the Crosser bill I was present and qualified and answered to my name. Evidently the Clerk did not hear my response. I ask unanimous consent that I be recorded as voting in favor of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

INCREASE OF SALARIES OF JUDICIAL OFFICERS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. I would like to ask the distinguished majority leader, Mr. Speaker, about the bill for increasing certain judicial salaries which I understood was to be taken up immediately following the British loan bill.

Mr. McCORMACK. It is my intention to bring up that bill as quickly as possible. I do not like to leave it in the speculative field, but it will be taken up as quickly as possible. It will either be the first or the second bill that I will program after disposition of the British loan.

It is a bill that I think should be passed. I have no hesitancy in expressing my opinion. One of the strong positions we have in our country is an independent judiciary. They should be made independent economically.

Mr. HOBBS. I thank the gentleman.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. JENKINS] is recognized for 20 minutes.

EFFECT OF FOOD SUBSIDIES ON PRICES

Mr. JENKINS. Mr. Speaker, in watching food prices in the next few days, it is important to distinguish between price increases resulting from competitive bidding for scarce commodities, and those which will take place almost automatically as the result of the sudden ending of food subsidies and because of recent wage increases.

Sharp increases resulting from competitive bidding for scarce items will be some indication of an inflationary trend.

On the other hand, those increases in food prices which will result almost automatically from the sudden removal of food subsidies are not inflationary. They merely mean that the American people have started paying their grocery bill now, instead of putting it off for future generations of taxpayers.

Government subsidies on many food items have been so huge that their removal will mean a considerable mark-up in the retail price.

On butter, for example, we have been paying 15 cents out of the public treasury for every pound produced. With the ending of this subsidy, that payment will have to be made across the grocer's counter instead of through the income-tax window.

In the case of meat, packers have been receiving a \$30 check from the United States Treasury for every 1,000-pound steer they killed. Elimination of the meat subsidy alone will mean a saving to American taxpayers of \$750,000,000 a year, which they have had to pay whether they were getting the meat or not.

Incidentally, with OPA restrictions removed, both hogs and cattle are once again moving in ample quantity through legitimate channels. Meat will be relatively plentiful in most retail markets in about a week.

In addition to the previous subsidies, there are two other Government-inspired factors which will soon be reflected in the cost of food. These are recent wage increases in the food industry and the railroad freight rate adjustment which went into effect on July 1.

According to the Office of Price Administration, recent wage increases—not yet reflected in increased food prices—will cause an increase of from 2 to 5 percent in food prices.

The new freight rates, OPA estimates, will add about 1 percent to food prices.

These factors would have been reflected in retail food prices in the next few days whether OPA had been continued or not.

When they are added to the automatic increases resulting from the President's termination of food subsidies, it is obvious that there will be a substantial increase in many food prices.

Following is a partial list of subsidized foods showing the probable effect of subsidy terminations only. Prices quoted are present OPA ceiling prices in Washington Group I retail stores, plus

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

JULY 3, 1946.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. MAY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 752]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of

this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

“(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock-piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

“SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

“(a) make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

“(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

“(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

“(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

“(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided. No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: Provided, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

“SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

“SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

“SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement

such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory, if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

“(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

“(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

“(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

“(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

“(1) any property which is damaged or worn beyond economical repair;

“(2) any waste, salvage, scrap, or other similar items;

“(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act.’

“(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

“Provided, That any owning agency is defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) *The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.*

"(b) *The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.*

"SEC. 8. *For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.*

"SEC. 9. *Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.*

"SEC. 10. *This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'.*"

And the House agree to the same.

ANDREW J. MAY,
EWING THOMASON,
OVERTON BROOKS,
DEWEY SHORT,

Managers on the Part of the House.

ELBERT D. THOMAS,
ED C. JOHNSON,
LISTER HILL,
JOSEPH C. O'MAHONEY,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same.

Except for the differences noted in the following statement, the conference substitute is the same as the House amendment.

The House amendment authorized the Secretaries of State, Treasury, and Commerce to designate representatives to cooperate with the Secretaries of War, Navy, and Interior in carrying out the provisions of the act. The conference agreement adds the Secretary of Agriculture to those authorized to designate such representatives.

The Senate bill provided that purchases of strategic and critical materials for the purposes of the act be made with due regard to the objectives set forth in section 1, and further provided that such purchases might be made without regard to section 3709 of the Revised Statutes relating to competitive bidding. These provisions were omitted from the House amendment, but are restored under the language of the conference agreement.

The House amendment authorized the appropriation of \$360,000,000 for the fiscal year ending June 30, 1947, and the same amount for each of the following four fiscal years. The conference agreement authorizes the appropriation of such sums as the Congress may deem necessary to carry out the provisions of this act.

Section 9 of the Senate bill required that funds received on account of sales of materials be covered into the Treasury as miscellaneous receipts. The House amendment provided that such funds should remain available for expenditure under the stock-pile program. The conference agreement adopts the Senate provision.

ANDREW J. MAY,
EWING THOMASON,
OVERTON BROOKS,
DEWEY SHORT,

Managers on the Part of the House.

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Legislative Reports and Service Section
(For Department staff only)

Issued

July 10, 1946

For actions of

July 9, 1946

79th-2nd, No. 133

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HIGHLIGHTS: Senate debated price-control measure; agreed to Wherry amendment prohibiting control of livestock, poultry, eggs, or their food or feed products. Senate received nomination of Isleib to be Land Bank Commissioner. Both Houses agreed to strategic materials stock-piling bill conference report. Senate committee reported adversely on resolutions to reject President's reorganization plans. Senate received appropriation estimate for Swan Island animal-quarantine station. House received conference report on Government corporations appropriation bill. House received conference report on omnibus flood-control bill.

SENATE

- 1. PRICE CONTROL.** Continued debate on H. J. Res. 371, to extend and amend the Price Control and Stabilization Acts (pp. 8564-99). Agreed, 49-26, to the Wherry amendment to prohibit price control on livestock, poultry, eggs, or their food or feed products (pp. 8597-8). Previously rejected, 25-51, a substitute amendment by Sen. Thomas, Okla., to include inedible products and to make the provision "iron-clad" (p. 8597). Sen. Eastland, Miss., offered an amendment to provide that price ceilings on cottonseed shall be sufficient to reflect to producers a price increase equal to the average percentage increase in support prices allowed to other principal competing vegetable-oil seeds since Aug. 1, 1942, after allowing for manufacturing or processing margin (p. 8598). Sen. Wherry announced that he will propose an amendment to prohibit ceilings on milk (p. 8598).
- 2. NOMINATION.** Received from the President the nomination of James R. Isleib to be Land Bank Commissioner (p. 8599).
- 3. STRATEGIC MATERIALS.** Both Houses agreed to the conference report on S. 752, to be known as the "Strategic and Critical Materials Stock Piling Act" (pp. 8584-5, 8602). As finally passed, the bill provides for this Department to cooperate in determining the materials which are strategic and critical and the quality and quantities to be acquired, and directs this Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined to be strategic and critical or substitutes therefor. This bill will now be sent to the President.

4. REORGANIZATION. The Judiciary Committee reported adversely S. Con. Res. 64, 65, and 66, to disapprove the President's reorganization plans (S. Repts. 1670, 1671, and 1672)(p. 8564).
5. ANIMAL-QUARANTINE APPROPRIATION. Received from the President a supplemental estimate for 1947 of \$85,000 for establishment and maintenance of the Swan Island animal-quarantine station (S. Doc. 236)(To Appropriations Committee, (p. 8563.))
6. LABOR. The Education and Labor Committee reported with amendments H. Con. Res. 148, creating a joint committee to study and recommend legislation concerning labor relations (S. Rept. 1673)(p. 8564).
7. RECLAMATION. The Irrigation and Reclamation Committee reported with amendment S. Res. 296, relating to utilization and disposition of the water resources of the Central Valley project (p. 8564).
8. WAR DEPARTMENT MILITARY APPROPRIATIONSBILL. Conferences were appointed in both Houses for a further conference on this bill, H. R. 6837 (pp. 8568-9, 8600-1, 8647).
9. RUBBER; SURPLUS PROPERTY. S.J.Res. 174 (as reported July 3) prohibits the War Assets Administration from disposing of any synthetic rubber plants and facilities, which cost the Government in excess of \$5,000,000, until six months after Congress receives OWMR's report and recommendations on a national rubber policy, but exempts styrene plants, furfural plants, carbon-black plants, not to exceed two alcohol butadiene plants, and copolymer plants.

HOUSE

10. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Received the conference report on this bill, H.R. 6777 (p. 8621). The conference report provides the following amounts for corporate administrative expenses: CCC, \$8,760,000 (Senate figure; House figure \$8,000,000); ECIC, \$7,340,000 (Senate figure \$7,860,000, House figure \$6,800,000); FPMC, \$3,750,000 (House figure, Senate figure \$1,575,000); FICD's, \$1,500,000 (House figure, Senate figure \$1,688,501); PCC's, \$1,600,000 (House figure, Senate figure \$1,644,912); RACC, \$341,000 (House figure, Senate figure \$391,000); strikes out the limitations on CCC activities relating to sales below parity since those are now carried in permanent law; strikes out the provision (inserted by the Senate) that no CCC funds shall be used, during the fiscal year 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of the bill; eliminates the following language inserted by the Senate, "The types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it are approved, but the subsidy program shall be subject to the provisions of H.R. 6042", and inserts the following in lieu thereof, "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law"; provides the following language for Federal Surplus Commodities Corporation: "Provided, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: Provided further, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor"; and changes the language making funds available for the purchase of passenger automobiles to read, "only for replacement of 'worn-out' vehicles" (the House word which was eliminated by the Senate was

me that the evidence would have to be clear that such a publication was intended or designed premeditatively to influence the vote of Members of Congress. A report to the people advising them as to what is transpiring in the agency, how the agency is undertaking to perform its duties is not only not a violation of the law, but is a commendable activity on the part of the agency which seeks to inform the people as to its activities and certainly it ought not to be regarded as a violation of law.

Mr. TAFT. Mr. President, I do not think there is any doubt that a pamphlet such as the one to which I have referred is intended to affect legislation. I do not think that anyone who looks at this procedure from all four sides and weighs it in his mind can have any doubt that the OPA is circulating all over the United States pamphlets and literature designed to bring influence and pressure to bear on Congress to continue OPA. Mr. Bowles and Mr. Porter are urging that in so many words today. They are the big force in the effort today to continue price control.

There is one other thing which is legal. They appear before committees of Congress and give their testimony, which is of course within the law, and they then have their testimony printed in large type so children and simple folks can read it.

Mr. BARKLEY. That is not the reason why the Senator from Ohio came into the possession of a copy, I am sure. [Laughter.]

Mr. TAFT. No. They issued a pamphlet of this sort, which is an expensive kind of thing to publish. The pamphlet is called Extension of price control after June 30, 1946. Office of Price Administration. It is printed by the Government with tables in large type, and has been circulated to a more limited group. They figure that does not violate the law because the law says they can appear before a congressional committee and advocate the legislation themselves. But when they have done that, they immediately get out a pamphlet and circulate it throughout the United States. It contains various kinds of posters to be placed in windows, such as, "Rent and price control," "Protect tenants," "Do not pay over ceiling rents," "Report overcharges," "There is a ceiling on your rent."

Then I have here a rather interesting radio fact sheet gotten out for all radio commentators. It is distributed by the Advertising Council, and "the material in this fact sheet," it says, "has been secured from, approved by, and distributed at the request of the Office of Price Administration." It provides the arguments which are used by the various radio commentators in urging the continuation of price control. This particular one starts off: "Inflationary pressures are still great." Some headings are: "Stabilization or inflation?" "Housing and rent." "Clothing." Under that heading it says: "Cotton textile production is still 2,000,000 yards short of the 1942 peak."

Mr. President, I should think it always will be short of the 1942 peak, because we were then making more uniforms and more varieties of soldiers' clothing than at any other time in the history of the United States.

Here is a pamphlet called Housing—boom or bust? These are distributed regularly to all radio commentators so that they can know what the Price Administration is saying and make up their radio speeches.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. REVERCOMB. Who distributes those radio programs?

Mr. TAFT. This pamphlet is distributed by the Advertising Council, which is a private body. It says the information has been "secured from, approved by, and distributed at the request of the Office of Price Administration."

Mr. REVERCOMB. Are they paid for by Government funds?

Mr. TAFT. Certainly they are prepared by the OPA Public Relations Department. The pamphlet says:

This fact sheet is to be used only in the preparation of a message for the specific program and date mentioned in the assignment letter.

Again another has this heading, "Johnny comes marching home." It deals with veterans' housing. Senators can only take my word for it, but the general effect is to show that OPA is absolutely essential and must be continued.

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Indiana.

Mr. WILLIS. Granting that it is the duty of Government agencies to give out information to the public, it would seem to be a further requirement that they should give the argument on the other side also in order that the public might be properly informed. Does the Senator find in all this literature a statement of any of the arguments made against OPA?

Mr. TAFT. No. The argument contained in this literature is entirely one-sided. I stated some of the facts which are completely misrepresented, which would be questioned by anyone on the other side. That is why I say it is propaganda and not information.

Mr. WILLIS. In respect to meat, does the Senator find anywhere in this literature information to the effect that from 75 to 80 percent of the meat which was being sold before OPA ceased to exist was sold on the black market?

Mr. TAFT. No. There is no such suggestion. They urge the consumers not to patronize the black market; that is all.

Mr. WILLIS. So it is wholly a one-sided propaganda?

Mr. TAFT. Yes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. Does the Senator know of any instance in which a United States Senator ever made a speech against his own reelection?

Mr. TAFT. The Senator from Kentucky states the case very well. That is exactly the point I have been trying to make. The OPA is engaged in a campaign for its own reelection. It is using Government funds for that purpose. Unfortunately, United States Senators are not able to do so.

Mr. BARKLEY. Of course, Senators know that it is not the duty or the province of any agency of the Government to do otherwise than to explain its attitude, its policies, and its performances to the people. Certainly it is not supposed to engage in an argument with itself, within its own organization, as to whether it is doing a good job or is not doing a good job. Its duty is to inform the American people truthfully as to what it is doing. The Senator from Indiana has indicated that it ought to present the other side to the American people, the side of those who do not want an OPA, those who do not want any control, those who do not like anything that OPA has done. That, it seems to me, is asking more than any human agency should be expected to do.

Mr. TAFT. Mr. President, I think Mr. Bowles and Mr. Porter are justified in telling the people in these speeches—and they should do so fairly—why they think the Office of Price Administration ought to be continued. I think the Price Administration is perfectly justified if a letter is written to them to give the information that is asked. I think that when an organization asks for information OPA should give it. I think they can appear before congressional committees and give the reason why OPA should be continued. But it is not up to the Office of Price Administration to determine the policy of Congress. The Office of Price Administration goes beyond the proprieties and beyond the law when it builds up throughout the United States a vast organization whose primary purpose apparently is to influence public opinion on the basis of completely one-sided arguments in favor of the continuation of this particular department and the job in which they are interested. I feel very strongly that if this kind of thing goes on it, as much as anything I know of, can destroy democratic and representative government in the United States, and certainly it can reduce Congress to such a level that congressional power will no longer exist.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. Is not the distinguished Senator from Ohio of the opinion that the President now takes his legislative advice from OPA rather than from the Congress?

Mr. TAFT. Yes. The President evidently thinks that the public opinion created by OPA is strong enough to justify him to take their advice as against that of the representatives of the people.

Mr. MILLIKIN. That is the ultimate of the evil described in the Senator's argument, and it is already in existence. It is the very thing the Senator has been talking about.

Mr. TAFT. Yes.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MURDOCK. The Senator from Ohio very kindly yielded to me earlier today for the purpose of discussing a reference he had made to the gasoline situation. I was very much interested in the statement made by the Senator. He suggested that if oil and gasoline

were decontrolled the price of gasoline might increase by 2 cents a gallon. Reference to 2 cents a gallon does not afford much of an idea of what it would cost the people of the United States. I have asked for figures showing what the total cost would be if the price of gasoline were increased 2 cents a gallon. The figures furnished me are these: The over-all consumption of gasoline in the United States daily is 92,400,000 gallons. An increase of 2 cents a gallon would cost the people of the United States \$1,848,000 a day, \$55,440,000 a month, or \$665,280,000 a year.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6428) making appropriations for the Coast Guard, Treasury Department, for the fiscal year ending June 30, 1947, and for other purposes.

APPROPRIATIONS FOR COAST GUARD, TREASURY DEPARTMENT, 1947—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6428) making appropriations for the Coast Guard, Treasury Department, for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$74,010,000"; and the Senate agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
THEODORE FRANCIS GREEN,
CLYDE M. REED,
CHAN GURNEY,

Managers on the Part of the Senate.

EMMET O'NEAL,
CLARENCE CANNON,
THOMAS D'ALESSANDRO, Jr.,
HERMAN P. KOPPLEMANN,
JOHN TABER,
FRANK B. KEEFE,

Managers on the Part of the House.

The report was agreed to.

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE—CONFERENCE REPORT

Mr. THOMAS of Utah submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as

follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock-piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock-piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical mate-

rials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise benefited either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided. No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock-piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section

2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stockpile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation act or acts relating to the acquisition of materials under this Act.

"(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

"(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

"(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

"(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

"(1) any property which is damaged or worn beyond economical repair;

"(2) any waste, salvage, scrap, or other similar items;

"(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency; which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act."

"(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed.

"Provided, That any owning agency is defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

"SEC. 7. (a) The Secretary of the Interior through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

"SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

"SEC. 10. This Act may be cited as the "Strategic and Critical Materials Stock Piling Act."

And the House agree to the same.

ELBERT D. THOMAS,
ED C. JOHNSON,
LISTER HILL,
JOSEPH C. O'MAHONEY,
WARREN R. AUSTIN,
CHAN GURNEY,

Managers on the Part of the Senate.

ANDREW J. MAY,
EWING THOMASON,
OVERTON BROOKS,
DEWEY SHORT,

Managers on the Part of the House.

The report was agreed to.

EXTENSION OF PRICE CONTROL

The Senate resumed consideration of the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. BARKLEY. Mr. President, I am sure we are all anxious to get along with this legislation. We have been in session for nearly 3½ hours, and very little of that time has been devoted to the pending question. It seems to me that we ought to be able to vote this afternoon on the pending amendment, which is an amendment to an amendment.

Therefore, I ask unanimous consent that the Senate proceed, not later than 5 o'clock, to vote on the pending amendment offered by the Senator from Oklahoma [Mr. THOMAS] to the amendment of the Senator from Nebraska [Mr. WHERRY], and that immediately upon the vote on that amendment the Senate proceed without further debate to vote on the Wherry amendment, whether in an amended form or as it has been offered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. O'DANIEL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BARKLEY. I make the same request for 6 o'clock p. m.

Mr. O'DANIEL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MYERS. Mr. President, we have listened to a splendid lecture on the fine distinctions between information and propaganda. I should like to get back to the price rises which have taken place during the first week after price control. Those price rises should alarm every Member of the Senate. The newspapers are full of stories about outrageous rises in the prices of meat, poultry, shoes, restaurant meals, and rents. I have many such stores from the newspapers before me. I am glad to say that the newspapers are being very forthright.

We have heard much about meat today. The New York Journal of Commerce reports that retail meat prices are up about 35 percent in the country as a whole. On top of that we have plenty of horror stories—steak, \$1.25 a pound; chicken, up from 60 cents to 95 cents a pound; butter, \$1 to \$1.50 a pound; a second-hand DeSoto selling during the past week for \$2,800, without any OPA interference, with private enterprise; hominy grits, from 6 cents to 48 cents a pound in Pensacola; rents increased 50, 75, and even 100 percent. I could go on, but these horror stories are not quite the point.

Without price control prices in general might or might not rise to these extremes and stay there. But we must face the fact that too many people are now paying these prices. These horror stories show that in the case of commodities for which demand is great, prices in general would certainly go very high without price control.

Many persons are saying that these price increases would be temporary. The rank and file of businessmen in this country do not think so. I have done a great deal of careful reading during the past week. I have read dozens of advertisements by retailers who have patriotically responded to the President's appeal to hold the price line until the Congress can enact an effective price-control bill. Almost every one of these advertisements state that the sponsor is trying to keep his prices in line. But almost all of them are carefully qualified. The advertisers say "We will keep prices in line as long as possible" or "the best we can" or "until our suppliers increase our prices." A great many of them say that they will keep the present prices for the goods they now have on their shelves. I have a number of such advertisements before me, and Senators are welcome to read them.

I have before me a letter from A. C. McCune, president of the Potter-McCune Co., wholesale grocers of McKeesport, Pa., addressed to a Pennsylvania Representative, Hon. FRANK BUCHANAN. This letter is so enlightening that I wish to read it at this point.

McKEESPORT, PA., July 3, 1946.

Hon. FRANK BUCHANAN,

House Office Building, Washington, D. C.:

At this early date, the morning of July 3, 1946, I thought you would be interested in what effect the elimination of OPA has had on a few prices.

The figures that I shall give you will represent what we paid for the same item either from the 1945 pack or on shipments made from the 1946 pack where the packer had figured his ceiling price on the new pack.

On No. 2½ cans of Royal Anne cherries, we paid from the 1945 pack \$3.45 per dozen; we have a quotation this morning of \$4.95 per dozen. On black sweet cherries, No. 2½'s, from the 1945 pack, we paid \$3.76; and this morning, we are asked \$4.95 per dozen. On No. 2 tins of all green asparagus, we paid last year \$3.44 per dozen; we are asked today \$4.50 per dozen. On No. 2½ tomatoes from the 1945 pack, we paid \$1.32 per dozen; and we are asked this morning \$2 per dozen. In this connection, we want to state that we have an invoice for the same grade of asparagus that we asked \$4.50 per dozen for this morning. This asparagus was invoiced to us under date of June 27, 1946, and is from the new pack, and the price on this invoice is \$3.54 per dozen, illustrating that with the OPA off, the packer is asking an advance of 96 cents per dozen.

On April 20 of this year, we were invoiced with a certain grade of family flour at \$6.94 per barrel; today this same mill asks us \$11.58 per barrel.

If anyone thinks that the removal of OPA control is to do other than create a skyrocketing price advance, they are only fooling themselves.

With the enormous buying power of our wage earners today and with the quantity of goods that we are exporting, there are very few items in food in which the supply equals the demand.

Unless immediate steps are taken to reinstate some kind of control, in my opinion, we are going to see the most erratic market in food products that our country has ever experienced, and I believe that prices will go very much higher than they did after World War I as the buying power of the country is very much greater.

Our own organization has determined a policy whereby we shall not advance a single item that we own unless we have to buy

at a higher price than our present basic cost, and we are avoiding buying anything at a price over the price at which our present ceilings have been established.

I would recommend very highly that if and when a new OPA is authorized, that their action be made retroactive to include July 1, 1946, and that any buyer who purchases between July 1, 1946, and the time OPA is reinstated, if it is, at a price higher than his past ceiling price, that he be compelled to absorb that difference. If distributors hold the line, high prices shall only result where the producer or the packer has upped his price to the distributor.

We are all interested in what is for the best interest of our country, and steps must necessarily be taken to prevent the profiteer from taking advantage of the present scarcity of foods for personal remuneration.

Very truly yours,

POTTER-MCCUNE Co.,

A. C. McCune,

President.

These qualifications show that the retailers and wholesalers know that, without price control, the prices they have to pay are almost bound to go up before long. And they know that when that happens they cannot keep retail prices where they are now.

Certainly our experience in the first week after price control shows that their cautions and fears are very well founded. The New York Journal of Commerce carries a wholesale price index for 30 basic commodities. In the week between June 28 and July 5 this commodity index went up 11.2 percent. In that one week wholesale prices rose more than twice as much as in the average year under price control. In that one week grain prices rose 18.8 percent, wholesale food prices rose 23.5 percent. The Bureau of Labor Statistics shows that during that week, corn prices rose 55 percent, wholesale butter prices went up 26.4 percent, wholesale lard prices went up 28.6 percent.

I think the point is very clear. The retailers who issued these advertisements are smart and honest. They know that they cannot possibly keep their prices where they now are very long with basic commodity and wholesale prices going up as they have in the past week.

Let us take an example. Last week feed prices went up 40 percent. How long do Senators think we can keep meat prices where they are now with feed bills almost double? The Journal of Commerce figure for meat price rises will very soon have to be raised from 35 percent to 45 or 50 percent. Such increases in grain prices will add at least 10 percent to the prices of cereal products. They will add about 15 percent to prices of dairy products. That means 10 percent more on bread, 15 percent more on milk, and another 15 percent on butter.

I should like to point out, as I did earlier in the day to the Senator from Wisconsin [Mr. WILEY], that milk prices in my native city of Philadelphia are now up about 5 cents. In other words, we are paying 19 cents for a quart of milk. A story on new price rises, entitled "New Price Rises Loom in Daily Necessities," which appeared in this morning's Philadelphia Inquirer, indicates that a spokesman for one of the large dairies stated that the new price of 19 cents a quart for the most popular grade of milk

was the highest he could remember in Pennsylvania.

Retailers know these things. They are not taking chances. They are doing the best they can. But they are not making impossible promises to the public.

The early part of last week gave us a taste of what can happen to the price of basic commodities when price controls are removed prematurely. We also saw what happened when the country realized that the Congress was going back to work in earnest on a real price control bill.

In the early part of last week, livestock producers flooded the markets with tremendous numbers of animals. But as it became clear that, before long, price control would be reinstated, the large responsible packers pulled out of the market and refused to buy livestock at prices that would result in losses if the meat had been sold at ceiling prices a week or 10 days later. But a number of the less scrupulous buyers stayed in the market. Those are the ones who are now selling meat to stores which are willing to retail it at what I call horror prices; those are the ones the responsible packers will have to compete against as they now come into the market, if we do not get ceiling prices back on meat.

Right here is a good place to take a quick and honest look at the facts about the relation between meat prices and supply. We have been hearing a lot of stories about how lifting meat prices will improve supply. We have been hearing that for weeks and weeks. Nothing could be a greater distortion of plain facts.

The facts are, Mr. President, that we have a very limited grain supply. To raise meat prices now would simply mean that it would be still more profitable to feed still more grain to livestock.

But if we feed more of our limited grain supplies to livestock, that will mean less for dairy feed, less for poultry feed, less for flour and bread, and less to prevent starvation abroad. I, for one, will tell our dairy, poultry, and baking industries not to stand for that. I will urge our people to demand a more sensible use of what we have.

We may as well face the situation. We have to get a balanced production of all the things we need from our limited grain supplies. We cannot do that if we raise meat prices and channel still more grain into an industry where profits are already far above prewar levels. No matter how much prices rise, the only way we can get more meat is to have less milk, less butter, fewer eggs, and less bread.

This week's performance on the livestock markets is just an example of what the absence of price control will do. It also shows how price control can cut the fuze on a keg of inflationary dynamite.

But suppose it became clear to the people of this country that there was not going to be any price control. No one can have an honest doubt that there would be a much more serious spurt in basic commodity prices. Then retailers certainly could no longer take it upon themselves to keep prices in line, against such impossible odds.

What about the argument that the price rises that now threaten every housewife are temporary? I have here

The question was taken; and on a division (demanded by Mr. KERR) there were—ayes 44, noes none.

Mr. KERR. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently no quorum is present. The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 255, nays 0, not voting 177, as follows:

[Roll No. 204]

YEAS—255

Abernethy	Gordon	Mills
Allen, Ill.	Gore	Morgan
Allen, La.	Gorski	Murdock
Andersen,	Graham	Murray, Tenn.
August, H.	Grant, Ind.	Murray, Wis.
Andrews, Ala.	Griffiths	Neely
Angell	Gross	Norblad
Arends	Gwynne, Iowa	Norrell
Arnold	Hale	O'Brien, Ill.
Auchincloss	Hall	O'Brien, Mich.
Bailey	Leonard W.	O'Hara
Barrett, Wyo.	Hand	O'Konski
Bates, Mass.	Hare	O'Neal
Bennett, Mo.	Harness, Ind.	Outland
Biemiller	Hartley	Patman
Bishop	Havenner	Patterson
Blackney	Hays	Peterson, Fla.
Bland	Healy	Peterson, Ga.
Bloom	Hedrick	Phillips
Bolton	Henry	Pickett
Bonner	Herter	Pittenger
Brooks	Heseltan	Pratt
Brown, Ga.	Hess	Price, Ill.
Brown, Ohio	Hill	Priest
Bryson	Hinslaw	Rains
Buck	Hobbs	Ramey
Buffett	Hoch	Rankin
Bulwinkle	Hoeven	Reed, N. Y.
Bunker	Hoffman, Mich.	Rees, Kans.
Byrnes, Wis.	Hoffman, Pa.	Resa
Campbell	Holmes, Mass.	Rich
Canfield	Holmes, Wash.	Riley
Cannon, Mo.	Howell	Rizley
Carlson	Huber	Robertson,
Carnahan	Hull	N. Dak.
Case, N. J.	Jackson	Robertson, Va.
Chelf	Jarman	Robison, Ky.
Chenoweth	Jenkins	Rockwell
Chilperfield	Jensen	Rodgers, Pa.
Church	Johnson, Calif.	Rogers, Fla.
Clason	Johnson, Ill.	Rogers, Mass.
Clevenger	Johnson, Ind.	Rowan
Clippinger	Johnson,	Russell
Cole, Kans.	Luther A.	Ryder
Cole, Mo.	Johnson, Okla.	Sadowski
Cole, N. Y.	Jones	Savage
Cooper	Jonkman	Schwabe, Mo.
Corbett	Judd	Schwabe, Okla.
Courtney	Kelley, Pa.	Scrivner
Crosser	Kelly, Ill.	Sheppard
Cunningham	Kerr	Sikes
Curtis	Kilburn	Simpson, Ill.
D'Alesandro	King	Simpson, Pa.
D'Ewart	Kirwan	Smith, Maine
Dirksen	Knutson	Smith, Ohio
Dolliver	Kopplemann	Smith, Wis.
Dondero	Kunkel	Spence
Doughton, N. C.	LaFollette	Springer
Douglas, Ill.	Landis	Starkey
Doyle	Lanham	Stefan
Drewry	Larcade	Stevenson
Dworshak	Lea	Stockman
Eaton	Lemke	Sullivan
Elliott	Lewis	Summers, Tex.
Ellis	Link	Sundstrom
Ellsworth	Lyle	Taber
Elston	Lynch	Talbot
Engle, Calif.	McConnell	Talle
Ervin	McCormack	Thom
Feighan	McGregor	Thomas, Tex.
Fenton	McKenzie	Thomason
Fernandez	McMillan, S. C.	Tibbott
Fisher	McMillen, Ill.	Towe
Flood	Madden	Traynor
Folger	Maloney	Trimble
Forand	Manasco	Voorhis, Calif.
Fulton	Martin, Iowa	Vorys, Ohio
Gathings	Martin, Mass.	Vursell
Gavin	Mason	Walter
Geelan	Mathews	Wasielewski
Gifford	May	Weichel
Gillette	Merrow	White
Gille	Michener	Whitten
Goodwin	Miller, Nebr.	Whittington

Wigglesworth
Wilson
Winter

Wolcott
Wolverton, N. J.
Wood

Woodruff

NOT VOTING—177

Adams	Flannagan	Mansfield, Tex.
Almond	Fogarty	Marcantonio
Andersen,	Fuller	Miller, Calif.
H. Carl	Gallagher	Monroney
Anderson, Calif.	Gamble	Morrison
Andrews, N. Y.	Gardner	Mundt
Baldwin, Md.	Gary	Murphy
Baldwin, N. Y.	Gearhart	Norton
Barden	Gerlach	O'Toole
Barrett, Pa.	Gibson	Pace
Barry	Gillespie	Patrick
Bates, Ky.	Gossett	Pfeiffer
Beall	Granahan	Philbin
Beckworth	Granger	Ploeser
Bell	Grant, Ala.	Plumley
Bender	Green	Poage
Bennet, N. Y.	Gregory	Powell
Boren	Gwinn, N. Y.	Price, Fla.
Boykin	Hagen	Quinn, N. Y.
Bradley, Mich.	Hall	Rabaut
Bradley, Pa.	Edwin Arthur	Rabin
Brehm	Hallcock	Randolph
Brumbaugh	Hancock	Rayfiel
Buchanan	Harless, Ariz.	Rcece, Tenn.
Buckley	Harris	Reed, Ill.
Butler	Hart	Richards
Byrne, N. Y.	Hébert	Rivers
Camp	Heffernan	Robinson, Utah
Cannon, Fla.	Hendricks	Roe, Md.
Case, S. Dak.	Hollifield	Roe, N. Y.
Celler	Hook	Rogers, N. Y.
Chapman	Hope	Rooney
Clark	Horan	Sabath
Clements	Izac	Sasser
Cochran	Jennings	Shafer
Coffee	Johnson,	Sharp
Colmer	Lyndon B.	Sheridan
Combs	Kean	Short
Cooley	Kearney	Slaughter
Cox	Kee	Smith, Va.
Cravens	Keefe	Somers, N. Y.
Crawford	Kefauver	Sparkman
Curley	Keogh	Stewart
Daughton, Va.	Kilday	Stigler
Davis	Kinzer	Sumner, Ill.
Dawson	Klein	Tarver
De Lacy	Lane	Taylor
Delaney,	Latham	Thomas, N. J.
James J.	LeCompte	Tolan
Delaney,	LeFevre	Torrens
John J.	Lesinski	Vinson
Dingell	Luce	Wadsworth
Domengeaux	Ludlow	Weaver
Douglas, Calif.	McCowan	Welch
Durham	McDonough	West
Earthman	McGehee	Wickersham
Eberharter	McGlinchey	Winstead
Elsaesser	Mahon	Wolfenden, Pa.
Engel, Mich.	Mankin	Woodhouse
Fallon	Mansfield,	Worley
Fellows	Mont.	Zimmerman

So the motion was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Sparkman with Mr. Short.
Mr. Randolph with Mr. Taylor.
Mr. Pfeiffer with Mr. Horan.
Mr. Kefauver with Mr. Jennings.
Mr. Buckley with Mr. Kearney.
Mr. Rooney with Mr. Adams.
Mr. Barrett of Pennsylvania with Mr. Keefe.
Mr. Hart with Mr. Anderson of California.
Mr. McGlinchey with Mr. Bender.
Mr. Keogh with Mr. Halleck.
Mr. Vinson with Mr. Gillespie.
Mr. Sheridan with Mr. Edwin Arthur Hall.
Mr. Celler with Mr. Gamble.
Mr. Izac with Mr. Fuller.
Mr. Camp with Mr. Ploeser.
Mr. Boykin with Mr. Crawford.
Mr. Quinn of New York with Mr. Plumley.
Mr. Rabaut with Mr. Brehm.
Mr. Bradley of Pennsylvania with Mr. Latham.
Mr. Klein with Mr. Bradley of Michigan.
Mr. Almond with Mr. LeFevre.
Mr. Eberharter with Mr. Mundt.
Mr. Dingell with Mr. Reed of Illinois.
Mr. Wickersham with Mr. Shafer.
Mr. Rayfiel with Mr. Thomas of New Jersey.
Mr. Cooley with Mr. Wadsworth.
Mr. Hébert with Mr. Kean.

Mr. Colmer with Mr. Hope.
Mr. Coffee with Mr. Gearhart.
Mr. Byrne of New York with Mr. Fellows.
Mr. James J. Delaney with Mr. Elsaesser.
Mr. Somers of New York with Mr. Case of South Dakota.
Mr. Hook with Mr. Butler.
Mr. Barry with Mr. H. Carl Anderson.
Mr. John J. Delaney with Mr. Bennet of New York.
Mr. Heffernan with Mr. Engel of Michigan.
Mr. Lane with Mr. Reece of Tennessee.
Mrs. Douglas of California with Mr. Welch.
Mr. Mansfield of Montana with Mr. Marcantonio.
Mr. Green with Mr. Andrews of New York.
Mrs. Woodhouse with Mr. Baldwin of New York.
Mr. Slaughter with Mr. Hagen.
Mr. Rabin with Mr. Gwinn of New York.
Mr. Hollifield with Mr. Gerlach.
Mr. Beckworth with Mr. McCowan.
Mr. Fallon with Mr. Sharp.
Mr. Miller of California with Mr. McDonough.
Mr. O'Toole with Miss Sumner of Illinois.
Mr. Powell with Mr. Brumbaugh.
Mr. Monroney with Mr. Kinzer.

The result of the vote was announced as above recorded.

The doors were opened.

JOINT COMMITTEE TO INVESTIGATE PEARL HARBOR ATTACK

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution 69 for immediate consideration.

The Clerk read the Senate resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the limit of expenditures authorized by Senate Concurrent Resolution 27, Seventy-ninth Congress, for the investigation of the Pearl Harbor attack, as increased by Senate Concurrent Resolution 56, be, and the same is hereby, further increased by an additional \$25,000, one-half of said amount to be paid from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives, upon vouchers signed by the chairman of the Joint Committee on the Investigation of the Pearl Harbor Attack.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. COOPER]?

There was no objection.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF TIME FOR FILING REPORT IN PEARL HARBOR INVESTIGATION

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution 70 and its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the time for filing the report of the Joint Committee to Investigate the Pearl Harbor Attack be, and it is hereby, further extended to July 16, 1946, inclusive, and that the powers and functions of the said committee be, and the same are hereby, also extended to said date.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. RICH. Mr. Speaker, reserving the right to object, the gentleman is only

extending that until the 16th of July, which is 8 days and he is also asking for \$25,000 for the committee for 8 days' work. That is all out of proportion. Why does the gentleman have to have \$25,000 for any committee to work for 8 days? It does not seem right to me.

Mr. COOPER. The resolution calling for \$25,000 has already passed. That was to take care of some expenses that have already been incurred.

Mr. RICH. In other words, the committee spent more money than it had appropriated?

Mr. COOPER. These are additional funds that are necessary especially in connection with the preparation of the report of the committee. The pending resolution is to extend for 6 days the time for filing a report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. RICH. Mr. Speaker, reserving the right to object—

The SPEAKER. The Chair calls for the regular order. Is there objection to the request of the gentleman from Tennessee?

Mr. RICH. Mr. Speaker, I would like to ask the gentleman a further question.

Mr. COOPER. This has been unanimously agreed to by the minority members of the committee. I cleared this with the minority leader.

Mr. RICH. Twenty-five thousand dollars for 8 days to close up this report is too much money and the gentleman knows it, everybody else knows it, and we should not have agreed to that.

Mr. COOPER. That resolution has been agreed to.

Mr. RICH. Yes; I know it has been. You should have brought this one up first.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

STRATEGIC AND CRITICAL MATERIALS FOR NATIONAL DEFENSE PURPOSES

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (S. 752) to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

The Clerk read the title of the bill.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the full report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain what the conferees agreed upon?

Mr. MAY. Mr. Speaker, this is a bill authorizing the acquisition of stocks of strategic materials for the national defense. This bill was passed by the Senate and came to the House. The House Military Affairs Committee considered the matter carefully and amended it in

two or three respects. The bill went back to the Senate and we have agreed on a conference report. The only two questions involved or changes made in it that were not in the House bill were, first, we had authorized an appropriation of some \$360,000,000 per year over a period of 5 years. We agreed to a change in that, leaving it to the discretion of the Appropriations Committee as to how much money should be appropriated on the contention of the Senate conferees that the spreading of the \$360,000,000 per year over a period of years was merely an invitation to those who want to create stock piles to ask for that amount of money.

Mr. MARTIN of Massachusetts. I agree with the gentleman.

Mr. MAY. That was changed. Now the question of a tariff on the products that were bought came up, and the position of the House was that we ought to take care of our own domestic industry in this country by eliminating that tariff requirement so far as sales of it were concerned to business in this country, but left it on as to strategic materials coming from foreign countries. That was eliminated, and the House conferees agreed to it and the Senate agreed to it. There is no controversy about it.

Mr. MARTIN of Massachusetts. As it now stands the materials coming in from abroad will pay the usual tariff?

Mr. MAY. That is right.

Mr. MARTIN of Iowa. Mr. Speaker, reserving the right to object, and I shall not object, this bill authorizing acquisition of stock piles of strategic and critical materials for national defense purposes passed the House without changing existing tariff laws which provide that tariffs should be assessed against any imports of these strategic and critical materials. The Senate had exempted such imports from tariff duties, but the conferees of the House and Senate have adopted the House version on that point. The bill is now in acceptable form to those of us on the House Committee on Military Affairs who were active in developing this legislation. The tariff on these materials is highly important to our national defense, as it will help our Nation develop our domestic sources of strategic and critical materials to the greatest possible extent during the years immediately ahead.

As a member of the Military Affairs Committee I gave considerable time and thought to this legislation, although I did not serve on the committee of conference. I wish to commend the conferees for their good work and their good judgment in reaching complete agreement on sound principles and I commend them also for expediting consideration of this important and badly needed legislation.

Mr. MURDOCK. Mr. Speaker, further reserving the right to object, do I understand from the statement of the gentleman from Iowa that the House provision has prevailed? I shall be satisfied if such is the case. It will mean much toward national defense.

Mr. MAY. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 3, 1946.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONSTRUCTION AND PRESERVATION OF CERTAIN PUBLIC WORKS

Mr. PETERSON of Georgia. Mr. Speaker, I call up the conference report on the bill (H. R. 6407) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 8, 1946.)

Mr. PETERSON of Georgia. Mr. Speaker, the conference report on H. R. 6407 contains several items that were put in the rivers and harbors bill by the Senate, none of which were in controversy at the time the bill was passed by the House. The Senate agreed to every item that was adopted by the House when the bill was up for action. It did not put in any item that was disapproved by the House.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. PETERSON of Georgia. I yield to the gentleman from Mississippi.

Mr. RANKIN. The conferees unanimously agreed to every item in this report, with one exception.

Mr. PETERSON of Georgia. That is right.

Mr. RANKIN. There is one item in controversy.

Mr. PETERSON of Georgia. The conferees have agreed on every item but one. There are quite a number of survey resolutions and minor technical matters that were placed in the bill by the Senate. There were four projects totaling \$3,250,000, including one project at Boston Harbor, Mass., one in Louisiana, one in Texas, and a project in Oregon. All of these were unanimously approved by the conferees.

The only project that there was any controversy about among the conferees was the Arkansas River project. In the bill as it passed the House we approved the Arkansas River project, which is a multiple purpose plan recommended by the Chief of Engineers, the total of which is around \$435,000,000. The House Committee on Rivers and Harbors authorized only \$55,000,000 of this project, which would cover the cost of a dam and improvement known as the Eufala improvement. The Senate added a total authorization of \$95,000,000 to the \$55,000,000, or a total over-all authorization of \$150,000,000. I understand that this \$95,000,000 was primarily for navi-

[PUBLIC LAW 520—79TH CONGRESS]

[CHAPTER 590—2D SESSION]

[S. 752]

AN ACT

To amend the Act of June 7, 1939 (53 Stat. 811), as amended, relating to the acquisition of stocks of strategic and critical materials for national defense purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of June 7, 1939 (53 Stat. 811), as amended, is hereby amended to read as follows:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of the Congress and the purpose and intent of this Act to provide for the acquisition and retention of stocks of these materials and to encourage the conservation and development of sources of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"SEC. 2. (a) To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine, from time to time, which materials are strategic and critical under the provisions of this Act and to determine, from time to time, the quality and quantities of such materials which shall be stock piled under the provisions of this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be acquired the Secretaries of State, Treasury, Agriculture, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"(b) To the fullest extent practicable the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly, shall appoint industry advisory committees selected from the industries concerned with the materials to be stock piled. It shall be the general function of the industry advisory committees to advise with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior and with any agencies through which they may exercise any of their functions under this Act with respect to the purchase, sale, care, and handling of such materials. Members of the industry advisory committees shall receive a per diem allowance of not to exceed \$10 for each day spent at conferences held upon the call of the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, plus necessary traveling and other expenses while so engaged.

"SEC. 3. The Secretary of War and the Secretary of the Navy shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department, to—

"(a) make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this Act and pursuant to the determinations as provided in section 2 hereof, which purchases (1) shall be made, so far as is practicable, from supplies of materials in excess of the current industrial demand and (2) shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but may be made without regard to section 3709 of the Revised Statutes. A reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond;

"(b) provide for the storage, security, and maintenance of strategic and critical materials for stock-piling purposes on military and naval reservations or other locations, approved by the Secretary of War and the Secretary of the Navy;

"(c) provide through normal commercial channels for the refining or processing of any materials acquired or transferred under this Act when the Secretary of War and the Secretary of the Navy deem such action necessary to convert such materials into a form best suitable for stock piling, and such materials may be refined, processed, or otherwise beneficiated either before or after their transfer from the owning agency;

"(d) provide for the rotation of any strategic and critical materials constituting a part of the stock pile where necessary to prevent deterioration by replacement of acquired stocks with equivalent quantities of substantially the same material with the approval of the Secretary of War and the Secretary of the Navy;

"(e) dispose of any materials held pursuant to this Act which are no longer needed because of any revised determination made pursuant to section 2 of this Act, as hereinafter provided. No such disposition shall be made until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Military Affairs Committee of each House thereof. Such notice shall state the reasons for such revised determination, the amounts of the materials proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. The plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets: *Provided*, That no material constituting a part of the stock piles may be disposed of without the express approval of the Congress except where the revised determination is by reason of obsolescence of that material for use in time of war. For the purposes of this paragraph a

revised determination is by reason of obsolescence if such determination is on account of (1) deterioration, (2) development or discovery of a new or better material or materials, or (3) no further usefulness for use in time of war.

"SEC. 4. The Secretary of War and the Secretary of the Navy shall submit to the Congress, not later than six months after the approval of this Act, and every six months thereafter a written report detailing the activities with respect to stock piling under this Act, including a statement of foreign and domestic purchases, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

"SEC. 5. The stock piles shall consist of all such materials heretofore purchased or transferred to be held pursuant to this Act, or hereafter transferred pursuant to section 6 hereof, or hereafter purchased pursuant to section 3 hereof, and not disposed of pursuant to this Act. Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President.

"SEC. 6. (a) Pursuant to regulations issued by the War Assets Administration or its successor, every material determined to be strategic and critical pursuant to section 2 hereof, which is owned or contracted for by the United States or any agency thereof, including any material received from a foreign government under an agreement made pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, or other authority, shall be transferred by the owning agency, when determined by such agency to be surplus to its needs and responsibilities, to the stock piles established pursuant to this Act, so long as the amount of the stock pile for that material does not exceed the quantities determined therefor pursuant to section 2 hereof. There shall be exempt from this requirement such amount of any material as is necessary to make up any deficiency of the supply of such material for the current requirements of industry as determined by the Civilian Production Administration or its successor. There shall also be exempt from this requirement (1) any material which constitutes contractor inventory if the owning agency shall not have taken possession of such inventory, (2) such amount of any material as the Army and Navy Munitions Board determines (i) are held in lots so small as to make the transfer thereof economically impractical; or (ii) do not meet or cannot economically be converted to meet, stock-pile requirements determined in accordance with section 2 of this Act. The total material transferred to the stock piles established by this Act in accordance with this section during any fiscal year beginning more than twelve months after this Act becomes law shall not exceed in value (as determined by the Secretary of the Treasury on the basis of the fair market value at the time of each transfer) an amount to be fixed by the appropriation Act or Acts relating to the acquisition of materials under this Act.

“(b) Any transfer made pursuant to this section shall be made without charge against or reimbursement from the funds available under this Act, except that expenses incident to such transfer may be paid or reimbursed from such funds, and except that, upon any such transfer from the Reconstruction Finance Corporation, or any corporation organized by virtue of the authority contained in the Act of January 22, 1932 (47 Stat. 5), the Secretary of the Treasury shall cancel notes of Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the fair market value as determined by the Secretary of the Treasury of the material so transferred.

“(c) Effective whenever the Secretary of the Treasury shall cancel any notes pursuant to subsection (b) of this section, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under the provisions of existing law shall be deemed to be reduced by the amount of the notes so canceled.

“(d) Subsection (b) of section 14 of the Act of October 3, 1944 (58 Stat. 765), is hereby amended to read as follows:

“(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

“(1) any property which is damaged or worn beyond economical repair;

“(2) any waste, salvage, scrap, or other similar items;

“(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of materials which are to be transferred in accordance with the Strategic and Critical Materials Stock Piling Act, to the stock piles established pursuant to that Act.’

“(e) Section 22 of the Act of October 3, 1944 (58 Stat. 765), is hereby repealed: *Provided*, That any owning agency as defined in that Act having control of materials that, when determined to be surplus, are required to be transferred to the stock piles pursuant to subsection (a) hereof, shall make such determination as soon as such materials in fact become surplus to its needs and responsibilities.

“SEC. 7. (a) The Secretary of the Interior, through the Director of the Bureau of Mines and the Director of Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; on public lands and on privately owned lands, with the consent of the owner, to explore and demonstrate the extent and quality of deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investi-

gations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

“(b) The Secretary of Agriculture is hereby authorized and directed to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 2 of this Act to be strategic and critical or substitutes therefor.

“SEC. 8. For the procurement, transportation, maintenance, rotation, storage, and refining or processing of the materials to be acquired under this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress, from time to time, may deem necessary to carry out the provisions of this Act. The funds so appropriated, including the funds heretofore appropriated, shall remain available to carry out the purposes for which appropriated until expended, and shall be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

“SEC. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act, except funds received on account of the rotation of stocks, shall be covered into the Treasury as miscellaneous receipts.

“SEC. 10. This Act may be cited as the ‘Strategic and Critical Materials Stock Piling Act’.”

Approved July 23, 1946.

